

CCID Consulting

CCID Consulting Company Limited

(A joint stock limited company incorporated in the People's Republic of China)

Stock Code: 8235

Annual Report 2014



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CCID Consulting

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This report, for which the directors of CCID Consulting Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matter the omission of which would make any statement herein or this report misleading.

This report will be published on the “Latest Company Announcements” page of the GEM website at www.hkgem.com and on the Company’s website at www.ccidconsulting.com (the “Company Website”) for at least 7 days from the date of its publication.

Contents

2	Corporate Information
3	Chairman's Statement
5	Management Discussion and Analysis
12	Directors, Supervisors and Senior Management
16	Corporate Governance Report
25	Report of the Directors
36	Report of the Supervisory Committee
37	Independent Auditor's Report
39	Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Group
40	Consolidated Statement of Financial Position of the Group
42	Separate Statement of Financial Position of the Company
43	Consolidated Statement of Changes in Equity of the Group
44	Consolidated Statement of Cash Flows of the Group
45	Notes to Consolidated Financial Statements
100	Five-Year Financial Summary

Corporate Information

BOARD OF DIRECTORS

Executive Director

Luo Junrui (*Chairman*)

Non-executive Director

An Guangyou

Independent Non-Executive Directors

Guo Xinping

Han Fuling

Li Xuemei

AUDIT COMMITTEE

Li Xuemei (*Chairman of the Committee*)

Guo Xinping

Han Fuling

REMUNERATION COMMITTEE

Guo Xinping (*Chairman of the Committee*)

Li Xuemei

Luo Junrui

NOMINATION COMMITTEE

Luo Junrui (*Chairman of the Committee*)

Guo Xinping

Li Xuemei

Han Fuling

SUPERVISORY COMMITTEE

Chen Ying (*Chairman of the Committee*)

Hu Yun

Zhao Xiuzhen

COMPLIANCE OFFICER

Luo Junrui (*Chairman*)

COMPANY SECRETARY

Chan Yin Wah

AUTHORISED REPRESENTATIVES

Luo Junrui (*Chairman*)

Chan Yin Wah

REGISTERED ADDRESS

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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28 Queen's Road East, Wanchai,
Hong Kong

COMPANY'S WEBSITE

www.ccidconsulting.com

STOCK CODE

08235

AUDITORS

Qual-Mark CPA Limited

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
22/F, Hopewell Centre,
183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

China Construction Bank Corporation
Bank of Beijing Co. Ltd.

Chairman's Statement

I am pleased to present the annual report of CCID Consulting Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2014.

FINANCIAL RESULTS

For the year ended 31 December 2014, the Group recorded a turnover of RMB131,285 thousand and a gross profit of RMB67,973 thousand. The profit for the year amounted to RMB10,640 thousand and the basic earnings per share amounted to RMB1.3 cents.

DEVELOPMENT PROSPECTS

In 2015, the Group will step up our efforts in product mix formulation, market channels development and delicacy management, with a view to enhance our overall competitiveness.

Stepped-up Efforts in Product Mix Formulation

In light of the "economy's new normal" and new developments under the "Thirteenth Five-year Plan", we will further enhance our efforts in product mix formulation on the back of existing annual, quarterly, monthly and weekly products, so as to respond timely to the differentiated governmental, industrial and corporate customers' requirements. We will select key issues and hot topics in the industrial, information and communication sectors, to formulate our short-term, mid-term and long-term product mix, with a view to satisfy the diversified requirements of the customers by various products and different approaches, while maintaining strict quality control.

Stepped-up Efforts in Market Channels Development

We will step up our efforts in optimization and innovation of market channels, focus on complementary effectiveness between our product mix and the service model to achieve synergetic competitiveness. On the one hand, we will enhance our development of product distribution channels and improve our customer data base, so as to accurately market our products to the right customers, and build up the trust and approval of customers to our Company. On the other hand, we will enhance our development in marketing communication channels, such as website, WeChat, Weibo and APP user terminal, in particular, we will accelerate the promotion and application of the "chanyeton" APP, so as to maintain a continuous and long-term contact with the customers and enhance customer loyalty.

Stepped-up Efforts in Delicacy Management

Delicacy management is a matter of system building, which requires the mastering of method, efforts, timing and approach. It aims at fundamentals perfection in the areas of project management, performance management and knowledge management. And it aims at overall management perfection in the areas of fundamentals management, proactive service system, customer development, competitiveness improvement, cultivation of learning oriented organizational culture as well as harmony organizational culture. It further aims at talents management perfection in the areas of research and development and innovation fund, employee incentive fund and outstanding performance processes. Thus achieving "detailed albeit enriched, specialized albeit generalized" effects by meeting progressive goals in an orderly manner.

Despite the challenges ahead, the board of director of the Company (the "Board") and I have full confidence in the future development. I will continue to lead the Group to proactively overcome all difficulties together with all employees in order to create the greatest value for all shareholders.

Chairman's Statement

ACKNOWLEDGEMENT

I would like to avail myself of this opportunity to thank all directors, the management of the Group and all the employees for their dedication and commitment as well as all suppliers, clients, bankers and shareholders for their persistent support.

Luo Junrui

Chairman

Beijing, the People's Republic of China
25 March 2015

Management Discussion and Analysis

INDUSTRY OVERVIEW

Featured New Think Tanks, the Compass to the Consulting Industry

The Opinions on Stepped-Up Efforts in Establishment of New Think Tanks with Chinese Features issued in 2015 points out the direction for the development of the consulting industry by elevating the establishment of new type of think tanks with Chinese features to a national strategic level. Currently, the domestic economic development has come to an era of new normal, which translates to a more challenging era for the comprehensive deepening of reforms. These new developments require the making of more sophisticated decisions in terms of strategic importance, comprehensiveness, farsightedness and sustainability. Different types of think tanks and consulting institutions should embark on decision making consultancy studies in respect of the key issues imminently in need by different level of government authorities in decision making, as well as topics such as reforms of state-owned enterprises, industrial restructuring, industrial development planning, industrial policies formulation and key projects. They should embark on farsighted, targeted and reserved government policies research so as to enhance their abilities in integrated study and judgments as well as strategic planning.

Diversification of Consulting Service Offering

The accelerated integration of the supervision business segment, industrialization and informatization, together with the steady progression of the “new four modernizations”, have accelerated the interpenetration and integration of businesses amongst professional supervision enterprises. Thus the traditional homogenized and specialized supervision services providers will be subjected to significant pressure in terms of market share, the interpenetration and integration of businesses amongst supervision enterprises will accelerate and the industry players will gradually transform from homogenized information engineering supervision companies to integrated supervision consulting companies. As the capital market in China develops, demands in investment and financing, such as private equity corporate finance, listing and merger and acquisition, increased significant. The cooperation between consulting companies and investment institutions has been increasing. Some consulting companies have established investment vehicles to engage in direct investment business, and certain private equity funds and venture capital companies have set up post-investment management teams to provide management consulting services for the investees. The integration of consulting business and investment and financing services has extended the business scope of consulting companies and expanded the horizon of the consulting industry.

Diversification of Consulting Services Mode

On one hand, the consulting services itself has been increasingly diversified. Under the new landscape of establishment of the new think tanks with Chinese features, think tanks and consulting institutions such as key academies of social science, administration institutes of party institutes of CCP and higher education institutions are going to further strengthen their policies study and decision making consulting functions, step up their service efforts towards government and industrial zone customers, which will resulted in a multi-level, cross-sectoral, and professional division of labor competition landscape in general. On the other hand, the modes of consulting services have also been increasingly diversified. As consulting is gaining awareness among the customers, they begin to attach importance to the practical effects of consulting on the enterprise and they have shifted their focus from the consulting proposal to the finalization and implementation of the proposal. The profit-making model of the consulting industry has also been changed accordingly from pre-proposal project fee to post-proposal fee charged on the basis of implementation effects. This will make consulting companies to focus more on the maneuverability and practicability of the proposals in proposal formulation and to create added value to the customers. In respect of the government decision making consulting,

Management Discussion and Analysis

government authorities of different levels will establish a system for the government procurement of decision making consulting services on the basis of a procurement mechanism of: procure as required, fees on case-by-case basis, open for all and contractual management. This will include the consulting reports, government policies proposals, planning designs, research and study information provided by think tanks and consulting institutions under the scope of government procurement and into the guidance catalogue of government service procurement. The procurement will be conducted by various ways, such as open tenders, invitation tenders, competitive negotiations and single source of procurement.

Opportunities and Challenges Co-exist for Information Engineering Supervision and Design

2015 is the last year of the “Twelfth Five-Year Plan”, the key mission accomplishments involve in *the National Government Affairs Informatization Engineering accomplishments Planning during the “Twelfth Five-Year Plan” Period* will be intensively approved and will commence implementation in 2015. It will bring enormous market opportunities to the product line of major electronic government affairs engineering supervision. The construction of intelligent cities and the in-depth integration of informatization and industrialization will provide more rooms for the market expansion of the informatization design consulting and supervision business for the government and private sectors. In respect of military industry enterprises, the manufacturing capacity upgrade provoked by the industry 4.0 provides opportunities for engineering design and information security supervision. As the government authorities of different levels fully leverage on the informatization measures to enhance the efforts in party building, optimize the allocation of party and political resources and improve the governance abilities, it presents market expansion opportunities for information security supervision. Meanwhile, the investment scale of government dominated engineering project will be subject to restrictions imposed by the “new normal” to a certain extent, which has adverse effect on the engineering supervision and design business. With large scale information system infrastructure building basically completed, the emphasis of informatization building going forward will focus on resources sharing and business synergies. At the same time, the extensive application of virtual technologies enables the intensive building model of information system engineering to become the main stream model, and investment scale of single engineering building is trending down. The wide application of newly emerged technologies, such as cloud computing, internet of things and mobile internet have led to significant changes in the related engineering building and administration mode, which presents challenges to the traditional supervision and design service capacity, service tools, and service mode.

Performance Analysis

The Group’s turnover for the year ended 31 December 2014 as classified by business activities is as follows:

	2014		2013	
	RMB('000)	%	RMB('000)	%
Management and Strategy Consultancy Services	76,947	59%	88,400	61%
Market Consultancy Services	12,394	9%	18,776	13%
Data Information Management Services	647	1%	1,027	1%
Information Engineering Supervision Services	37,217	28%	35,460	24%
Others	4,080	3%	2,125	1%
Total	131,285	100%	145,788	100%

Management Discussion and Analysis

BUSINESS REVIEW

Preliminary Effectiveness from Business Transformation

In respect of the industrialization and informatization segment, we have established 3 new key product lines during 2014, which added up to 100 product lines in aggregate, the key product lines accounted for over 50% of the total invoiced value, with around 10 new additional million grade customers. In respect of the supervision and design businesses, significant progress has been achieved in the areas of military industry, emergency command, water resources management and operations management consulting, and substantive progress in market expansion has been achieved in the areas of industry and commerce, taxation, scientific research, political and legal as well as power industry. We have established a cloud service platform for informatization engineering supervision and project management, which laid down the foundation for our complete transformation to an engineering management solution provider. We have smoothly completed the filing of military information security business consulting service entity, successfully received the ISO20000 accreditation, smoothly renewed the new high-tech enterprise recognition and completed the annual review of information system engineering supervision Grade A qualification.

Evidently Effective Proactive Service System

Building on our improved efforts in product mix formulation, we have specifically strengthened the development of our primary sales channels, continued to enhance the 5C (product manager, account manager, customer service manager, brand manager, on-line manager) proactive service system, clearly defined the key and potential customer base covered by our short-term, mid-term and long-term series of publications, and timely collected and updated our publications data base, which have effectively enhanced the distribution effect of our publications. At the same time, by measures such as the promotion of interaction between the government and the private sector and the engagement in external training, we have stepped up our efforts in proactive service in key regional markets. Continuous improvement of service level to regional government, industrial zone and enterprises in Beijing, Jiangsu, Shandong, Guangdong, Guizhou and Guangxi, have driven up orders of key projects.

Continuous Progress in Team Building

In 2014, the Company enhanced our team competitiveness by improvements in different aspect, different levels and different categories, and further built up the professional capabilities of our team by our research and development and innovative funds and employee incentive fund. We have improved the application and reporting system and procedures of the employee incentive funds and kept quantifying the assessment indicators, so that they are closely linked to the results of staff performance appraisal and the requirements of the positions. We kept enhancing the trainings of the Company, covering trainings in expertise, successful case study, leadership, project management, consulting method theories and others. We have strengthened the consistent implementation of new staff mentoring system, under which, the management of the Company act as the mentors of new staff, and we have organized monthly new staff forum to provide guiding and training to enhance the professionalism of the new staff. We have continued to explore in depth the systems of 2 million club for research staff and 10 million club for sales staff, to encourage the high-end leading marketing staff to get mature. We attached importance to the implementation of strategic cooperation between education institutions and the Company, and have recruited and trained more interns from subject academic institutions in strategic positions.

Management Discussion and Analysis

Continuous Improvements in Management System

We have continuously improved the role and functions of our contract management, project management and performance management. The enhancement and upgrading of our performance module and reimbursement module further improved our working efficiency. Freshly went online were our branding market management system and knowledge management module. We have improved our case data base, information data base, publication and customer data base templates, updated and improved the flow charts of our existing system and completed 21 flow charts, including (among others) customer satisfaction survey process, knowledge access process, receivables settlement process, labor management process, Weibo and WeChat distribution process as well as signed articles OA review and approval process. We have standardized and unified the programs, procedures as well as tables and lists of supervision service, which formulated 7 key professional classifications, 74 service programs, 196 core service procedures and 218 professional tables and lists, thus established and improved the information security engineering supervision method theories system and military industry information security engineering supervision method theories system. We have established the budget management committee, which is responsible for the formulation of budget management system and workflow as well as the completion of the annual budget preparation, resulted in stringent control of expenses according to budget, the results of implementation would be linked to the performance appraisal.

Continuous Fostering of Harmony Culture Building

We have sufficiently leveraged on the functions of the Party, the League and the Labor Union in light of the business characteristics of the Company. Fostering our diversified, multi-level and multi-perspective harmony culture building, and dedicating in the creation of a united and harmony working environment, we have enhanced the Company's cohesion and attraction to the staff. In 2014, we have continued to initiate caring activities such as festival visits and social support, and continued to maintain interest groups such as basketball and badminton. We have organized activities such as the Chinese People's Anti-Japanese War Museum visit on patriotic education day and participated in the socialism core value knowledge competition. We have encouraged and supported our staff to take part in the Youth Basketball League of Central State Organs. We have been selected as one of the participants in the "Clean Culture" Calligraphies, Paintings and Paper Fan Leaves Exhibition for the Cultivation of Anti-corruption Culture organized by the Discipline Working Committee and Federation of Trade Union of the Central State Organs. We have actively participated in the speech competition and photo contest hosted by the Ministry of Industry and Information Technology and have received the championship and outstanding award respectively. The party, labor union and league branch of the Company have been recognized as the 2014 Research Institute's Outstanding Party Branch, Pioneer Labor Union and May 4th Red Flag League Branch respectively.

Marketing and Promotion

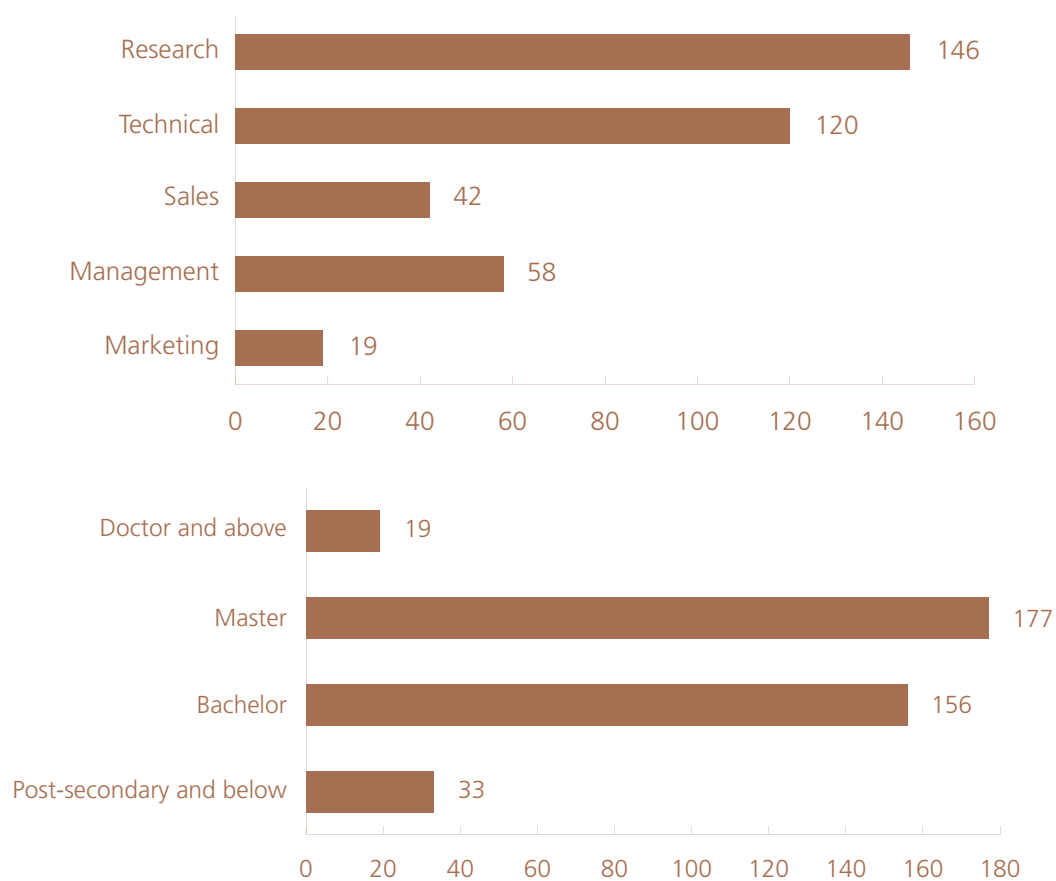
In respect of marketing activities, we have specifically organized the activities such as "IT Market China 2014", "IC Market China 2014", "Guizhou Megadata International Annual Conference", "IT Service China 2014", and "Xi Xian New Area Mega Data Summit 2014". The "National Government Affairs Informatization engineering Set-up and Management Seminar" and "Information System Operation and Maintenance Management Consultation and Supervision Service Product Release" were successfully organized and the "Information Technology Managers China 2014" has been co-hosted with The China Informatization Weekly. We have established the CCID micro community on wsq.qq.com, and have set up the CCID column on wenku.baidu. We have proactively made use of the communication ways such as the official website, WeChat, Weibo accounts of the Company to complete the websites revision of CCID Strategic, CCID City Strategy and CCID Design, and set up the new media communication platforms such as our official WeChat, subsidiaries' WeChat, Jingluehui (經略會) and Yunjihui (雲際會), which constituted the "1+5" WeChat

Management Discussion and Analysis

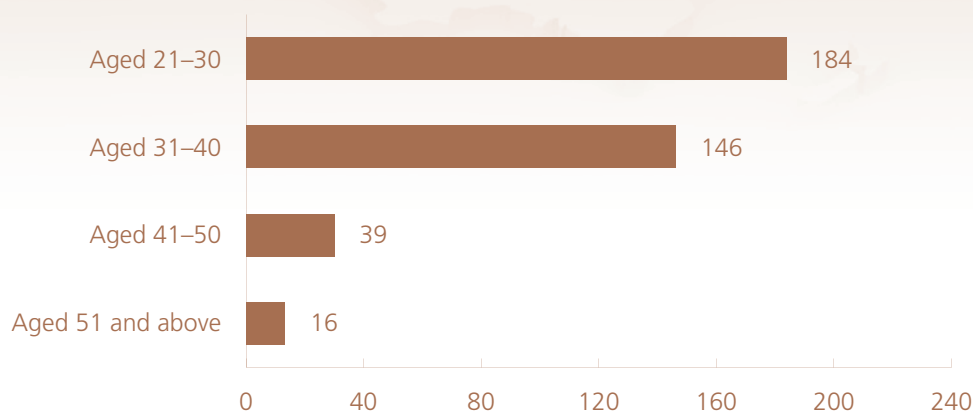
operational structure with the CCID WeChat as skeleton, and complemented by CCID Management Review, CCID Economic Review, Jingluohui (經略會) and Yunjihui (雲際會). So that the latest study results can be marketed by the new media, thus enhancing the effectiveness and reputation of the Company's brand.

Human Resources

The Group had a total of 385 staff as of 31 December 2014 (2013: 392), the composition of which has been classified as follows:



Management Discussion and Analysis



Liquidity and Financial Resources

As of 31 December 2014, the Group held RMB71,190 thousand, HK\$32,201 and US\$2 of bank deposits, respectively. The Company's primary financial resources were cash flows generated from the operating activities. The management believes that, the Company possesses adequate working capital for the present requirements.

Capital Structure

The capital structure of the Group as of 31 December 2014 is summarized as below:

	RMB('000)	Percentage
Total shareholders' equity attributable to Shareholders of the Company	129,178	87%
Non-controlling Interests	18,864	13%
Total	148,042	100%

Capital Commitment

As of 31 December 2014, the Group had no capital commitment, and the Company had a capital commitment of RMB800 thousand (2013: RMB4,800 thousand).

Contingent Liabilities

As of 31 December 2014, the Group had no contingent liabilities.

Pledged Assets

As of 31 December 2014, the Group had no pledged assets.

Gearing ratio

As of 31 December 2014, the Group's gearing ratio was approximately 19% (2013: 23%). Gearing ratio is calculated by total liabilities less amounts due to ultimate and immediate holding company then divided by total equity.

Management Discussion and Analysis

Major Investment

On 25 September 2014, the registered capital of Beijing CCID Strategy Management Consulting Co., Ltd. increased from RMB300 thousand to RMB5,000 thousand. Of the additional registered capital, the Company contributed RMB3,760 thousand in cash and Beijing CCID Industry and Information Engineering Design Center Co., Ltd. (北京賽迪工業和信息化工程設計中心有限公司) contributed RMB940 thousand in cash. After the capital increase, the proportion of the capital contribution from the shareholders remained the same. The registered capital after the change was RMB5,000 thousand, in which the Company contributed RMB4,000 thousand and Beijing CCID Industry and Information Engineering Design Center Co., Ltd. (北京賽迪工業和信息化工程設計中心有限公司) contributed RMB1,000 thousand.

Major Acquisition and Disposal

As of 31 December 2014, the Group had no major acquisition and disposal.

Future Major Investment

Currently, the Group has no major investment plan.

Foreign Exchange Risk

The Group maintains a conservative policy towards the foreign exchange risk and interest rate management with most of the deposits denominated in Renminbi. The deposits in Hong Kong dollar are exposed to foreign exchange risk in Renminbi conversion. In consideration of the exchange rate between Renminbi and Hong Kong Dollar, the Group is of the opinion that the relevant foreign exchange risk is normal and will regularly convert the deposits in foreign currency to Renminbi.

Directors, Supervisors and Senior Management

EXECUTIVE DIRECTOR

Luo Junrui (駱俊瑞), aged 63, an executive director and the Chairman of the Board. Mr. Luo joined the Group in June 2002. He is currently the chief engineer of the Computer and Microelectronics Research and Development Center (計算機與微電子發展研究中心) and the China Software Testing Center (中國軟件評測中心) (“CSTC”) of the Ministry of Industry and Information Technology, the chairman of Beijing CCID Info Tech Inc., the deputy director of Science and Technology Committee under China Center for Information Industry Development (“CCID”). Mr. Luo graduated from the Department of Automation of Beijing Institute of Technology and majored in design and manufacturing of command instrument. He is a senior engineer. Mr. Luo has served as an automation engineer of Plant 738 of the Fourth Ministry of Machinery Building Industry, a cadre of the Computer Administration under Ministry of Electronics Industry, the director and deputy center director of Computer and Microelectronics Research and Development Center under Ministry of Electronics Industry (currently known as Computer and Microelectronics Research and Development Center under the Ministry of Industry and Information Technology), the deputy director of CSTC, the director of computer business department under China Electronics Corporation (CEC), senior vice president of CCID Consulting Corporation (賽迪顧問股份有限公司), and also a president of CCID Data source Co., Ltd., CCID Call Company Limited and CCID Net Information Technique Company Limited. Mr. Luo was appointed as an executive director and the Chairman of the Board, compliance officer (according to the requirements of Rule 5.19 of the GEM Listing Rules) and one of the authorized representatives (according to the requirements of Rule 5.24 of the GEM Listing Rules) of the Company since 25 November 2014.

NON-EXECUTIVE DIRECTOR

An Guangyou (安光有), aged 49, a non-executive director, and is currently the deputy chief economist of the China Center for Information Industry Development (CCID). Mr. An graduated from the Zhongnan University of Economics and Law (中南財經政法大學) with a bachelor’s degree. Mr. An possesses the professional qualifications such as senior auditor, certified public accountant, certified public valuer, real estate appraiser, real estate valuer. His positions successively held include the financial officer of the Henan Basic Machinery Corporation (基礎機械總公司), a chief accountant of Henan C.P.A. (河南審計事務所), a partner of YueHua Certified Public Accountants, and deputy chief economist of China Center of Information Industry Development (CCID). Mr. An was appointed as a non-executive officer of the Company since 25 November 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Guo Xinping (郭新平), aged 51, an independent non-executive director, is currently the Vice-Chairman of the Board of Yonyou Network Technology Co., Ltd. (600588.SH) and an independent director of Sound Environmental Resources Co. Ltd. (000826.SZ) and Glodon Software Co. Ltd. (002410.SZ) (resigned on 25 March 2014). Mr. Guo graduated from Zhongnan University of Finance and Economics with a bachelor degree and from Hong Kong University of Science and Technology with a master degree. Mr. Guo has worked in the Fiscal and Taxation Reform Department of Ministry of Finance. He has taken up the posts of General Manager, and Vice-Chairman and Chief Finance Officer of Yonyou Software Co. Ltd., with over 20 years of experience in the field of enterprise operation and finance. Mr. Guo has served as an independent non-executive director of the Company with effect from 25 May 2002, and was re-elected on 25 November 2014.

Directors, Supervisors and Senior Management

Li Xuemei (李雪梅), aged 47, an independent non-executive director, is currently the Deputy Executive President of Transport and Statistics Research Institute of Beijing Jiaotong University and also a member of The Chinese Input-Output Association and a chancellor of the International Business Negotiation Professional Committee of the Chinese Research Council of Modern Management. Ms. Li graduated from Beijing Jiaotong University with a doctorate degree in management. Ms. Li had worked in Harbin Pharmaceutical Group Second Chinese Medicines Factory, Tianjin University and Beijing Jiaotong University and in-charge of various topics and project studies of Ministry of Science and Technology, Ministry of Railways, Beijing Municipal Science and Technology Commission, Beijing Municipal Education Commission and National Natural Science Foundation of China, etc. Ms. Li has served as an independent non-executive director of the Company with effect from 25 November 2011, and was re-elected on 25 November 2014.

Han Fuling (韓復齡), aged 51, independent non-executive director, is currently a Professor of Faculty of Finance, Department Head of Applied Finance, and President of Financial Securities Research Institute of Central University of Finance and Economics. He is also an independent director of Huasu Holdings Co., Ltd. (000509.SZ) (resigned on 7 March 2014) and Henan Lotus Flower Gourmet Powder Co. Ltd. (600186.SH). Mr. Han graduated from Faculty of Management of University of Science and Technology Beijing with a master degree in management, and Faculty of Economics of Silesian University of Technology in Poland with a doctorate degree in economics. Mr. Han has worked in University of Science and Technology Beijing, China Securities Market Research and Design Center, and Central University of Finance and Economics. Mr. Han has been served as an independent non-executive director of the Company with effect from 17 March 2005, and was re-elected on 25 November 2014.

SUPERVISORS

Chen Ying (陳瑛), aged 63, the chairman of the Supervisory Committee. Ms. Chen graduated from the Party School of the Central Committee of C.P.C. and the Chinese Academy of Social Sciences. Her positions successively held include an executive officer of the Planning Committee of Liaoyang City, Liaoning Province, the division chief and deputy party secretary of China National Software & Service Co., Ltd, the deputy director and deputy party secretary of the Computer and Microelectronics Research and Development Center of the Ministry of Information Industry (信息產業部計算機與微電子發展研究中心) (currently known as Computer and Microelectronics Research and Development Center of the Ministry of Industry and Information Technology (工業和信息化部計算機與微電子發展研究中心)), a director and a supervisor of Beijing CCID Media Investments Co. Ltd. Ms. Chen was appointed as a supervisor with effect from 25 November 2014.

Hu Yun (胡雲), aged 41, a supervisor. Ms. Hu graduated from the School of Business of the Hubei University. She held a bachelor degree of economics and is a senior accountant, and she had taught in Hubei University School of Business. She worked at various accounting firms during 2001 to 2007, responsible for annual audit for large state-owned enterprises and internal control consultation and financial training affairs for large and medium-size state-owned enterprises. Ms. Hu joined the CCID Group in October 2007 and served successively in CCID Consulting Company Limited and Beijing CCID Media Investment Co., Ltd. Since January 2011, she has served as financial controller of China Software Testing Center and has accumulated 20 years of experience in audit, internal control consultation and financial management. Ms. Hu was appointed as a supervisor of the Company with effect from 25 November 2014.

Zhao Xiuzhen (趙秀珍), aged 42, a supervisor, currently the office Manager of the President's Office of the Company. Ms. Zhao graduated from Remin University of China with a master degree in administrative management. Ms. Zhao joined the Company in 1999 with over 10 years of experience in administrative management. Ms. Zhao has served as a supervisor of the Company since 25 November 2008 and was re-elected at the congress of staff on 25 November 2011 and 25 November 2014 respectively.

Directors, Supervisors and Senior Management

SENIOR MANAGEMENT

Li Shuchong (李樹翀), aged 36, the general manager, is responsible for overall operation management and administration. Mr. Li graduated from the Chinese Academy of Sciences with a master degree in engineering. Mr. Li joined the Company in 2004, and has successively served as the General Manager of Semi-conductor Industry Research Center (半導體產業研究中心) and the general manager, the business director and the assistant of CEO of Communication Industry Research Center (通信產業研究中心). He joined the Beijing CCID Net Information Technology Company Limited (北京賽迪網信息技術有限公司) in January 2010 and served successively as an executive general manager, chief editor and general manager. Mr. Li has served as the executive president and chief editor of China Information World (《中國計算機報》), president of the Digital Times magazine (《數字時代》) and president of the CRH magazine (《和諧之旅》) since July 2011. Mr. Li served as the executive Director of the Company from 5 November 2013 to 25 November 2014.

Song Yu (宋宇), aged 42, a deputy general manager. Ms. Song graduated from Peking University with a bachelor degree. Ms. Song joined the Company in August 2002, and served as a deputy general manager of Semi-conductor Industry Research Center (半導體產業研究中心), business group research director, with over 12 years of experience in the industry research of electronic information, semiconductors and internet of things.

Wang Sanyi (王三義), aged 48, a deputy general manager. Mr. Wang graduated from the Xi'an Jiaotong University, with a doctorate degree in management and MBA. Mr. Wang joined the Company in September 2007, served successively as a deputy general manager of Enterprise Strategic Consultation Center, the chief business executive and an assistant to the president of enterprise strategic and internet consulting business, with over 10 years of consulting experiences in areas of management consulting, such as strategic management, human resources, marketing consulting and growth enterprises.

Guan Dongsheng (管東升), aged 39, the general manager of Beijing CCID Industry and Information Engineering Supervision Co. Ltd., Beijing CCID Industry and Information Engineering Design Center Co., Ltd., the Vice President of Supervisor of Information System Association and a managerial expert of IPMP. Mr. Guan graduated from Dalian University of Technology with a master degree in software engineering. Mr. Guan joined the Company in January 2006, and has served successively as the general manager of supervision business division, assistant to the Director, deputy general manager and executive general manager of Beijing CCID Information Engineering Supervision Co., Ltd., with more than 10 years of project management experience in government affairs informatization, science and research informatization, city informatization, telecommunications engineering and information security engineering.

Li Ke (李珂), aged 38, a deputy general manager. Mr. Li graduated from Beijing Institute of Technology with a bachelor degree. Mr. Li joined the Company in April 2003. He has served successively as a general manager of the Semi-conductor Industry Research Center, and the director of semiconductors and consumer electronics business group, with over 10 years of research experience in industries of semiconductors, optoelectronics and Internet of Things.

Sun Huifeng (孫會峰), aged 36, a deputy general manager, the general manager of Beijing CCID Strategy Management Consulting Co., Ltd. Mr. Sun graduated from the Huazhong University of Science & Technology with a master degree. Mr. Sun joined the Company in July 2008. He has served successively as the general manager and chief business officer of IT system industry research center, with over 8 years of experience in industrial IT application, establishment of information center, cloud computing and industry planning.

Directors, Supervisors and Senior Management

Wang Hua (王華), aged 39, the financial controller. Mr. Wang graduated from City University of Macau and obtained a master degree. Mr. Wang joined the China Electronic Information Industry Development Research Institute in 2000, and had successively served as the finance manager, head of finance, assistant of director of finance department and chief financial officer, he joined the Company in March 2013 with more than 12 years of experience in financial areas.

Fu Changwen (付長文), aged 34, a deputy general manager, the Secretary of the Board and the general manager of Beijing CCID City Strategy Consulting Co., Ltd. Mr. Fu graduated from the Renmin University of China with a master degree in economics. Mr. Fu joined the Company in July 2004. He has served in the investment consulting business department, strategy consulting business department and investment management department, with over 10 years of experience in industrial study, strategy consulting and corporate governance.

COMPANY SECRETARY

Chan Yin Wah (陳燕華), aged 39, the Company Secretary and an authorized representative of the Company. She joined the Company since March 2012. She is the Associate Director of SW Corporate Services Group Limited. Ms. Chan has worked for various internationally well-known professional firms and listed companies in Hong Kong and has over 15 years of professional experience in handling the company secretarial, compliance services and share registry services for listed companies in Hong Kong. Ms. Chan holds a bachelor's degree in economics and a master's degree in professional accounting. She is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. She is also a fellow member of the Association of Chartered Certified Accountants.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

For the year ended 31 December 2014, the Group has adopted and complied with the code provisions of the *Corporate Governance Code* and requirements of the *Corporate Governance Report* in Appendix 15 of the GEM Listing Rules of the Stock Exchange, other than the deviation from code provisions A.6.7 and E.1.2. Pursuant to the requirements of code provision A.6.7, independent non-executive directors and non-executive directors should attend general meetings. Except Mr. Guo Xinping, an independent non-executive Director, attended one of the two general meetings held by the Company during 2014, other independent non-executive Directors and non-executive Directors were unable to attend the two general meetings as they had other important engagement. Pursuant to the requirements of code provision E.1.2, the chairman of the Board should attend the annual general meeting. He should also invite the chairmen of the audit committee, remuneration committee and nomination committee to attend. However, Mr. Luo Wen, the former chairman of the Board and the former chairman of the nomination committee, Ms. Li Xuemei, the chairman of the audit committee and Mr. Guo Xinping, the chairman of the remuneration committee of the Company were unable to attend the annual general meeting held by the Company during 2014 as they had other important engagement.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Group has adopted the “Required Standard of Dealings” in Rule 5.48 to 5.67 of the GEM Listing Rules as the standard of conducts for securities transactions by the directors and supervisors of the Company, and regulates the securities transactions by the directors and supervisors pursuant to the requirements of which. For the year ended 31 December 2014, all directors and supervisors have confirmed their compliance with the “Required Standard of Dealings” throughout the year upon specific enquiries by the Company.

BOARD OF DIRECTORS

The fifth session of the Board, formed after the extraordinary general meeting held by the Company on 25 November 2014, currently comprises of five directors, the members of the Board include three influential independent non-executive directors. All independent non-executive directors are independent of the management of the Company and are experienced in the fields of business and finance. They have made significant contributions to the development of the Company. Detailed information of all directors is set out on Page 12 to 13 of the annual report.

RESPONSIBILITIES OF AND AUTHORITIES DELEGATED TO THE MANAGEMENT

The Board shall be accountable to the shareholders and lead the Company in a responsible and effective manner. The Board shall (among others) implement resolutions of the general meetings; determine the operation plans and investment plans and the setting-up of internal management organizations of the Company; formulate the annual financial budgets, financial statements and profit allocation plans of the Company; and engage senior management. In addition, the Board had established three board committees, namely, the audit committee (the “Audit Committee”), nomination committee (the “Nomination Committee”) and remuneration committee (the “Remuneration Committee”), and delegate responsibilities to these board committees within their terms of reference.

The Board delegates to the management authorities and responsibilities to conduct the daily management, administration and operation of the Company. The general manager shall be responsible to the Board.

All directors of the Company perform their duties in good faith, act in the best interests of the Company and comply with all applicable laws and regulations, and always act in the interests of the Company and its shareholders.

BOARD COMPOSITION

For the year ended 31 December 2014, the Board has conformed at any time to the threshold requirement of GEM Listing Rules in respect of the appointment of at least three independent non-executive directors, and the number of independent non-executive directors shall make up one-third of the Board, with one of the independent non-executive directors possessing appropriate professional qualifications, or accounting or related financial management expertise.

Pursuant to the requirements of Rule 5.09 of the GEM Listing Rules, the Company considers that all independent non-executive directors are independent of the Company upon receipt from each of the independent non-executive directors a written confirmation letter of independence.

To the best of the Company's knowledge, there are no relationships among the members of the Board, including financial, business, families relationships and other relationships of significance.

The composition of the Board of the Company for the year ended 31 December 2014 was as follows:

Executive Directors

Luo Junrui (*Chairman*) (appointed on 25 November 2014)

Luo Wen (retired on 25 November 2014)

Li Shuchong (retired on 25 November 2014)

Non-executive Directors

An Guangyou (appointed on 25 November 2014)

Song Xianzhu (retired on 25 November 2014)

Lu Shan (retired on 25 November 2014)

Wang Peng (retired on 25 November 2014)

Independent Non-Executive Directors

Guo Xiping

Han Fuling

Li Xuemei

The Board is responsible to the shareholders of the Company. Its duties include the operational, strategic, financial and other major operational matters of the Company while the management is responsible for making decisions on the daily and routine operation.

Corporate Governance Report

In 2014, the Company convened 7 Board meetings and 2 general meetings in total, the attendance records of the Board and general meetings are as follows:

Director		Number of Board meetings that should be attended		Number of general meetings that should be attended	
		in 2014	Attendance	in 2014	Attendance
Mr. Luo Junrui	(appointed on 25 November 2014)	1	1	N/A	N/A
Mr. An Guangyou	(appointed on 25 November 2014)	1	1	N/A	N/A
Mr. Guo Xinping		7	7	2	1
Mr. Han Fuling		7	7	2	0
Ms. Li Xuemei		7	7	2	0
Mr. Luo Wen	(retired on 25 November 2014)	6	6	2	1
Mr. Li Shuchong	(retired on 25 November 2014)	6	6	2	1
Mr. Song Xianzhu	(retired on 25 November 2014)	6	6	2	0
Mr. Lu Shan	(retired on 25 November 2014)	6	6	2	0
Mr. Wang Peng	(retired on 25 November 2014)	6	6	2	0

Chairman and General Manager

Mr. Luo Junrui, an executive director, acts as the chairman of the Company, and Mr. Li Shuchong acts as the general manager. The two different positions of the chairman and general manager are clearly separated, the chairman is responsible for the operation of the Board, and the general manager is responsible for the management of the Company's daily business operation. The articles of association of the Company ("Articles of Association") has explained the respective roles and responsibilities of the chairman and general manager in details.

Non-executive Directors

The non-executive director of the Company, Mr. An Guangyou has been appointed with effect from 25 November 2014, he has signed a service agreement with the Company for a term of three years from 25 November 2014 to 24 November 2017.

Mr. Song Xianzhu was appointed as Non-executive Director of the Company with effect from 13 December 2012 and retired on 25 November 2014. Mr. Song Xianzhu has signed a service agreement with the Company for a term from 13 December 2012 and subject to the expiry of term of the fourth session of the Board. Mr. Lu Shan, and Mr. Wang Peng were re-appointed as Non-executive Directors with effect from 25 November 2011 and retired on 25 November 2014 and they all have signed service agreements with the Company for a term of three years and with effect from 25 November 2011 to 24 November 2014.

The independent non-executive directors of the Company, Mr. Guo Xinping, Ms. Li Xuemei and Mr. Han Fuling have been re-elected and appointed with effect from 25 November 2014. The three independent non-executive directors have signed service agreements with the Company for a term of three years from 25 November 2014 to 24 November 2017.

Corporate Governance Report

Continuous Professional Development

The directors confirmed that they have complied with the code provision A.6.5 relating to directors' training. In this year, all directors had participated in continuous professional development by ways of attending the following seminars and/or reading materials in the following aspects to develop and update their knowledge and skills and they had provided their training records to the Company.

Director		Corporate Governance, Rules and Regulations	Financial Management and Other Affairs
Mr. Luo Junrui	(appointed on 25 November 2014)	√	√
Mr. An Guangyou	(appointed on 25 November 2014)	√	√
Mr. Guo Xinping		√	√
Mr. Han Fuling		√	√
Ms. Li Xuemei		√	√
Mr. Luo Wen	(retired on 25 November 2014)	√	√
Mr. Li Shuchong	(retired on 25 November 2014)	√	√
Mr. Song Xianzhu	(retired on 25 November 2014)	√	√
Mr. Lu Shan	(retired on 25 November 2014)	√	√
Mr. Wang Peng	(retired on 25 November 2014)	√	√

Remuneration Committee

The Company has established the Remuneration Committee according to the relevant requirements of GEM Listing Rules. The chairman of the Remuneration Committee is Mr. Guo Xinping, an independent non-executive director, and other members include Mr. Luo Junrui, an executive director and Ms. Li Xuemei, an independent non-executive director, which is in compliance with the requirement of GEM Listing Rules that the Remuneration Committee shall comprise a majority of independent non-executive directors.

The Company has set out the Remuneration Committee's written terms of reference and duties. The primary duties of the Remuneration Committee include making recommendation to the Board on the specific remuneration packages of individual executive directors and members of senior management, including benefits in kind, non-pecuniary benefits, retirement and pension rights and compensation, compensation for loss of office or appointment and compensation amounts, and making recommendations to the Board on the remuneration of non-executive directors. The Remuneration Committee shall consider various factors including the salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions of the Company and feasibility of performance-based remuneration.

The Remuneration Committee held 2 meetings in 2014. The following table sets out the attendance of members of the Remuneration Committee at the meetings during 2014:

Director attended		No. of meetings/ Attendance
Mr. Guo Xinping	Chairman of the Committee	2/2
Ms. Li Xuemei		2/2
Mr. Luo Junrui	(appointed on 25 November 2014)	1/1
Mr. Luo Wen	(retired on 25 November 2014)	1/1

Corporate Governance Report

The Remuneration Committee has reviewed such contents including the existing terms of the service contracts of the executive director and the letters of appointment of the non-executive director and independent non-executive directors. The Remuneration Committee considers that the existing terms of the service contracts of the executive director and the letters of appointment of non-executive director and independent non-executive directors are fair and reasonable.

Nomination Committee

The Company has established the Nomination Committee according to the relevant requirements of GEM Listing Rules. The Chairman of the Nomination Committee is Mr. Luo Junrui, an executive director, and other members include Mr. Guo Xinping, Ms. Li Xuemei and Mr. Han Fuling, who are independent non-executive directors.

The Company has set out the Nomination Committee's written terms of reference and duties. The primary duties of the Nomination Committee include reviewing regularly of the structure, size and composition of the Board (including but not limited to sex, age, culture, education background, nationality and professional experience, skills, knowledge and terms of services), according to the shareholding structure of the Company and management and operation requirements of the Company, and making recommendations on any proposed changes to the Board to complement corporate strategies; identifying individuals suitably qualified to take up the office of directors, and selecting the relevant individuals nominated for directorship or providing advises to the Board in this regard; assessing the independence of Independent non-executive directors; and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors.

The Nomination Committee held three meetings in 2014. The following table sets out the attendance of members of the Nomination Committee at the meetings of 2014:

Director attended	No. of meetings/ Attendance
Mr. Luo Junrui	1/1
appointed as the chairman of the Committee on 25 November 2014	
Mr. Guo Xinping	3/3
Mr. Han Fuling	3/3
Ms. Li Xuemei	3/3
Mr. Luo Wen	2/2
retired from the position of the chairman of the Committee on 25 November 2014	

The Nomination Committee has reviewed such contents including the confirmation that the structure, size and composition of the Board are in compliance to relevant requirements under the GEM Listing Rules and Articles of Association and the confirmation of the independence of the independent non-executive directors from the Company and the nomination of Mr. Luo Junrui and Mr. An Guangyou as the candidates for executive director and non-executive director respectively as well as the review of the Board Diversity Policy.

Audit Committee

The Company has established the Audit Committee. The Chairman of the Audit Committee is Ms. Li Xuemei, an independent non-executive director, and other members include Mr. Guo Xinping and Mr. Han Fuling, both being independent non-executive directors. Ms. Li Xuemei, the Chairman of the Audit Committee, has corresponding professional qualifications and financial experience. The Company has set out its written terms of reference and duties according to the requirement of Rule 5.29 of GEM Listing Rules.

Corporate Governance Report

The Audit Committee held five meetings in 2014. The following table sets out the attendance of members of the Audit Committee at the meetings of 2014:

Director attended	No. of meetings/ Attendance
Ms. Li Xuemei Chairman of the Committee	5/5
Mr. Guo Xinping	5/5
Mr. Han Fuling	5/5

During 2014 and up to the date of this annual report, the Audit Committee has reviewed the financial statements for the year ended 31 December 2014, the 2014 annual report, interim report, quarterly reports, related party transactions and the internal control procedures for the year 2014 and provided advises and comments, and was of the view that the preparation of such results have compiled with all applicable accounting standards and relevant regulatory and law provisions, and have made sufficient disclosures.

Corporate Governance Functions

The Board has adopted its corporate governance functions and formulated the written terms of reference in March 2012 so as to assist the performance of its corporate governance functions. The primary duties of the Board in respect of corporate governance functions include:

- to develop and review the Company's policies and practices of corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the CG Code and the disclosure in the Corporate Governance Report.

The Board convened one meeting in 2014 in respect of the corporate governance and reviewed such content as the adoption of corporate governance functions and the formulation of its the written terms of reference so as to assist the Board in performing its corporate governance functions.

Remuneration of the members of the senior management by remuneration band

Pursuant to code provision B.1.5, the remuneration of the members of the senior management by remuneration band for the year ended 31 December 2014 is set out below:

Remuneration band	Number of individuals
RMB500 thousand and below	5
RMB501 thousand to RMB1,000 thousand	3
RMB1,001 thousand or above	0

Corporate Governance Report

Further particulars of Directors' emoluments and the five highest paid individuals discloseable pursuant to Rule 18.30 of the GEM Listing Rules are set out in notes 8 and 9 to the financial statements as set out on pages 64 to 68 of this annual report.

AUDITOR'S REMUNERATION

The Audit Committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions would constitute any potential material adverse effect on the Company. During the year, an aggregate of RMB372 thousand was payable by the Company to the external auditor for their auditing services. Apart from the above, no significant non-audit service has been provided by the external auditor of the Company.

DIRECTORS' AND AUDITOR'S FINANCIAL REPORTING RESPONSIBILITY

The Board is responsible for presenting a balanced, clear and understandable annual report and interim report, inside information announcements and other disclosures required under the GEM Listing Rules and other regulatory requirements. The senior management is responsible for the provision of such explanation and information to the Board so as to enable the Board to make a justified assessment of the financial information and position of the Company.

The directors note that they are responsible for preparing the accounts of the Company.

The responsibilities of the auditor of the Company with respect to the financial statements of the Group are set out in the Independent Auditor's Report on pages 37 to 38.

CONTINUING OPERATION

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operation in the foreseeable future and therefore, it is appropriate to adopt the going concern basis in preparing the financial statements.

INTERNAL CONTROL

The Board has conducted regular review of the internal control system of the Group to ensure that the relevant system is effective and appropriate. The Board of directors has convened meetings regularly for discussion in respect of finance, operation and risk management and monitoring.

The Group reviews the internal control system once a year and the Board monitors the effectiveness of the internal control system through the internal audit procedures, including finance, operation, compliance control and risk management functions. The reports prepared by the internal audit team and the investigation findings shall be submitted to the Audit Committee for review. The internal audit team may also submit the investigation findings and the proposed audit plan for the approval of the Auditing Committee if necessary.

COMPANY SECRETARY

Ms. Chan Yin Wah ("Ms. Chan") is the Company Secretary of the Company in complied with the requirements in Rule 5.15 of the GEM Listing Rules. She is also the Associate Director of SW Corporate Services Group Limited. Ms. Chan's primary contact persons of the Company are Mr. Fu Changwen (Secretary of the Board) and Mr. Wang Hua (Financial Controller).

SHAREHOLDERS' RIGHTS

(1) Procedures for commencing shareholders' meetings and class meetings

According to Article 73 of the Articles of Association, two or more shareholders holding ten per cents (10%) or more of the voting shares in aggregate at the proposed meeting may, by signing one or more counterpart requisitions stating the subject(s) of the meeting, require the Board to convene an extraordinary general meeting or a class meeting. The Board shall convene such extraordinary general meeting or class meeting as soon as possible upon receipt of the aforesaid written request. The aforesaid shareholdings shall be calculated on the basis of the date of submission of the written request by the shareholders. In case that the Board fails to give a notice to convene such meeting within thirty(30) days after receipt of the aforesaid written request, the shareholders who put forward the request may convene such a meeting themselves within four months after receipt of the request by the Board. Such meeting shall be convened in a manner as similar as possible where general meeting are convened by the Board. The expenses reasonably incurred by shareholders in convening and holding such a meeting themselves by reason of the failure of the Board to hold such a meeting pursuant to the aforesaid request shall be borne by the Company and shall be deducted from any amount due to the breaching directors by the Company.

(2) Procedures for shareholders putting forward proposals at a general meeting

According to Article 55 of the Articles of Association, when the Company convenes an annual general meeting, shareholders holding more than five (5) per cent. (including five (5) per cent.) of the total voting shares of the Company in aggregate are entitled to propose new resolutions in writing to the Company, for contact information, please refer to below. The Company shall include matters which fall within the scope of duties of the general meeting into the agenda of such meeting.

Shareholders have the right to raise enquiries to the Board. All enquiries shall be submitted in writing and the contact information is as set out below:

Principal Place of Business in Hong Kong

Address: 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

Principal Place of Business in Beijing

Address: 10th Floor, CCID Plaza, 66 Zizhuyuan Road, Hai Dian District, Beijing, PRC

(3) Procedures for directing shareholders' enquiries to the Board

Shareholders have the right to raise enquiries to the Board. All enquiries shall be submitted in writing and the contact information is as set out below:

Principal Place of Business in Hong Kong

Address: 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

Principal Place of Business in Beijing

Address: 10th Floor, CCID Plaza, 66 Zizhuyuan Road, Hai Dian District, Beijing, PRC

Corporate Governance Report

ARTICLES OF ASSOCIATION

The following amendments to the Articles of Association have been approved by the shareholders at the Extraordinary General Meeting held on 25 November 2014:

Article 10

Original:

“The business scope of the Company shall be in accordance with the items approved by the company registration authority.

The business scope of the Company includes: computer system service, data processing, basic software service, application software service; corporate governance, investment and assets management, market research, economic information consultation; convention service, undertaking exhibition and display activities; engineer management service, planning management, technology development, technology consultation, technology service, technology training and technology intermediary service.”

Amended as:

“The business scope of the Company shall be in accordance with the items approved by the registration authority with which the Company is registered.

The business scope of the Company includes: computer system service, data processing, basic software service, application software service; corporate governance, investment and assets management, market research, economic information consultation; convention service, undertaking exhibition and demonstration activities; technology development, technology consultation, computer technology training and technology intermediary service.”

Article 87:

Original:

“The Company shall establish a Board of Directors comprising 8 directors, of which over half shall be external directors (herein meaning those directors who do not hold office in the Company) and at least three of the directors shall be independent (non-executive) Directors (herein meaning those directors who are independent to the shareholders and do not hold office in the Company), of which at least one Independent Director shall have the appropriate professional qualifications required by the Listing Rules or the appropriate accounting or related financial management expertise.

One of the Directors of the Board shall be the Chairman.”

Amended as:

“The Company shall establish a Board of Directors comprising 6 directors, of which over half shall be external directors (herein meaning those directors who do not hold office in the Company) and at least three of the directors shall be independent (non-executive) Directors (herein meaning those directors who are independent to the shareholders, do not hold office in the Company and comply with the requirements of the Listing Rules regarding being independent non-executive Directors), of which at least one Independent Director shall have the appropriate professional qualifications required by the Listing Rules or the appropriate accounting or related financial management expertise.

One of the Directors of the Board shall be the Chairman.”

Report of the Directors

The Board hereby presents its report and the audited financial statements of the Company and the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITY

The Group is principally engaged in (among others) management and strategy consultancy, market consultancy, data information management and information engineering supervision services. There was no significant change in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Company's profit for the year ended 31 December 2014 and the financial position of the Company and the Group as at the date were set out in page 39 to 99 of the financial statements. The Board does not recommend the payment of any final dividend.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and a summary of the assets and liabilities for the last five financial years extracted from the audited financial statements are set out on page 100. This summary is not a part of the audited financial statements.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year were set out in note 14 to the financial statements.

SHARE CAPITAL

There was no movement in the Group's authorized share capital and issued share capital during the year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the Company Law of the PRC. Therefore, the Company is not obliged to offer new shares on pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company or its subsidiaries during the year.

RESERVES

Details of movements in the reserves of the Group during the year are set out in note 29 to the financial report and in the consolidated statement of changes in equity respectively.

LOANS AND BORROWINGS

The Group had no loans and borrowings during the year.

Report of the Directors

DISTRIBUTABLE RESERVES

For the year ended 31 December 2014, no capital reserve of the Group was available for distribution by way of a future capitalization issue. In addition, as mentioned in note 29 to the financial statements, the Company had retained profits of approximately RMB38,942 thousand available, after provisions, for distribution.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for approximately 18% of the total annual sales of the Group, and of which sales to the largest customer accounted for 6%.

The Group has provided certain consulting services to the companies under the same ultimate shareholder as the Company, details of which were set forth in note 33 to the financial statements, "Material Related Party Transactions". Save as disclosed above, none of the directors of the Company or any of their associates or any other shareholder which owns more than 5% of the Company's issued share capital, to the knowledge of the directors, has any interests in the Company's five largest customers.

There is no major supplier, as the nature of the Group's main activities are provision of consulting and research service.

DIRECTORS

For the year ended 31 December 2014, the Board of the Company comprised:

Executive Directors

Luo Junrui (*Chairman*)

Luo Wen (retired on 25 November 2014)

Li Shuchong (retired on 25 November 2014)

Non-executive Directors

An Guangyou

Song Xianzhu (retired on 25 November 2014)

Lu Shan (retired on 25 November 2014)

Wang Peng (retired on 25 November 2014)

Independent Non-executive Directors

Guo Xinping

Han Fuling

Li Xuemei

In accordance with the requirements of the Articles of Association, the term of all existing directors is three years and they may elect to be re-elected.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors, supervisors and senior management of the Company were set out on Page 12 to 15 of the annual report.

SERVICE CONTRACTS FOR DIRECTORS AND SUPERVISORS

Mr. Luo Junrui, an executive director of the Company, was appointed with effect from 25 November 2014, and has entered into a 3-year service contract from 25 November 2014 to 24 November 2017 with the Company.

Mr. An Guangyou, a non-executive director of the Company, was appointed with effect from 25 November 2014, and has entered into a 3-year service contract from 25 November 2014 to 24 November 2017 with the Company.

Mr. Guo Xinping, Ms. Li Xuemei and Mr. Han Fuling, the independent non-executive directors of the Company were re-elected and re-appointed with effect from 25 November 2014. All of them have entered into a 3-year service contract from 25 November 2014 to 24 November 2017 with the Company.

Ms. Chen Ying, Ms. Hu Yun, and Ms. Zhao Xiuzhen, the supervisors of the Company were re-elected and re-appointed with effect from 25 November 2014. All of them have entered into a service contract from 25 November 2014 to 24 November 2017 with the Company.

DIRECTORS' AND SUPERVISORS' REMUNERATION

The directors' and supervisors' remuneration shall be approved by the shareholders at the general meeting. Other emoluments shall be fixed by the Board based on the directors' duties, responsibilities and performance as well as the Company's results. The details of the directors' and supervisors' remuneration are set out in note 8 to the financial statements.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Apart from those disclosed in this annual report, none of the directors and supervisors had material interests, either direct or indirect, in any contract of significance related to the business of the Company, in which the Company, its holding company or any of its subsidiaries or subsidiaries of the Company was a party during the year.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Non-Exempted Continuing Connected Transactions

For the year ended 31 December 2014, the Group has entered into the following continuing connected transactions, and disclosure of certain details is in compliance with requirements of Chapter 20 of the GEM Listing Rules.

- (1) On 15 May 2012, the Company entered into the Property Management Contract of 9F and 10F of CCID Building No. 66 Zizhuyuan Road, Haidian District, Beijing, China with Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development ("Research Center"). The contract is valid from 1 April 2012 to 31 March 2015, the Research Center provides management services to the Company's premises, including but not limited to the maintenance, repair, cleaning and sanitation services in accordance with the relevant laws and regulations, and is subject to the Company's supervision and inspection. The contract prescribed that the maximum annual caps of the management fees for each of the four years ended 31 December 2015 were RMB1,125,000, RMB1,500,000, RMB1,500,000 and RMB375,000 (this amount will last until the date of termination of this contract), respectively.

Report of the Directors

- (2) On 15 May 2012, Beijing CCID Strategy Management Consulting Co., Ltd. ("CCID SMC") entered into the Property Management Contract of 9F of CCID Building with the Research Center. The contract is valid from 1 April 2012 to 31 March 2015, the research center will provide management services to CCID SMC's office premises including but not limited to, maintenance, repair, cleaning and sanitation services in accordance with the relevant laws and regulations, and is subject to the Company's supervision and inspection. The contract prescribed that the maximum annual caps of the management fees for each of the four years ended 31 December 2015 were respectively RMB75,000, RMB100,000, RMB100,000 and RMB25,000 (this amount will last until the date of termination of this contract), respectively.
- (3) On 15 May 2012, Beijing CCID Industry and Information Engineering Design Center Co., Ltd. (formerly known as Beijing CCID Information Engineering Design Co Ltd.) ("CCID Design") entered into the Property Management Contract of 9F of CCID Building with the Research Center. The contract is valid from 1 April 2012 to 31 March 2015, the research center will provide management services to CCID Design's office premises including, but not limited to, maintenance, repair, cleaning and sanitation services in accordance with the relevant laws and regulations, and is subject to the Company's supervision and inspection. The contract prescribed that the maximum annual caps of the management fees for each the four years ended 31 December 2015 were RMB97,500, RMB130,000, RMB130,000 and RMB32,500 (this amount will last until the date of termination of this contract), respectively.
- (4) On 15 May 2012, Beijing CCID Industry and Information Engineering Supervision Co., Ltd. (formerly known as "Beijing CCID Information Engineering Supervision Co., Ltd.") ("CCID Supervision") entered into the Lease Contract of 6F of CCID Building with the Research Center. The contract is valid from 1 January 2012 to 31 December 2012, CCID Supervision has the right to conduct day-to-day business operations in the office premises. The contract prescribed that the maximum annual cap of the rental and management fee in aggregate for the year ended 31 December 2012 is RMB240,000.
- (5) On 15 May 2012, the Company entered into the Translation Service Contract with Beijing CCID Translation Technology Ltd. ("CCID Translation"). The contract is valid from 1 April 2012 to 31 March 2015, CCID Translation will provide translation and related services to the Company. The contract prescribed that the maximum annual caps of the translation fees for each of the four years ended 31 December 2015 were RMB337,500, RMB450,000, RMB450,000 and RMB112,500 (this amount will last until the date of termination of this contract), respectively.
- (6) On 15 May 2012, the Company entered into the Agency Contract with Beijing CCID Net Information Technology Co., Ltd. ("CCID Net"). The contract is valid from 1 April 2012 to 31 March 2015, CCID Net will provide online marketing and sales services for various reports published by the Company in each year. The contract prescribed that the maximum annual caps of the agency fee for the four years ended 31 December 2015 were RMB300,000, RMB400,000, RMB400,000 and RMB100,000 (this amount will last until the date of termination of this contract), respectively.
- (7) On 16 December 2011, CCID Info and CCID Supervision entered into the "Inner Mongolia KBS Digitization Project" Contract. The contract is valid from 16 December 2011 to 31 December 2013, CCID Supervision will provide consulting services. The contract prescribed that the maximum annual caps of the service fees for each of the three years ended 31 December 2013 were RMB400,000, RMB460,000 and RMB100,000 (this amount will last until the date of termination of this contract), respectively.
- (8) On 28 March 2013, the Company entered into the Framework Agreement 6 with China Center of Information Industry Development ("CCID") in relation to marketing and advertising services income framework agreement. The contract is valid from 28 March 2013 to 31 December 2015, the Company and/or its subsidiaries will provide marketing and advertising services to CCID and/or its associates. The contract prescribed that the maximum annual caps of the service fees for each of the three years ended 31 December 2015 were RMB600,000,

Report of the Directors

RMB1,000,000 and RMB1,000,000 (this amount will last until the date of termination of this contract), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under this agreement may be confirmed by way of an order and may also otherwise by signing separate agreements, provided that such confirmation by way of orders and separate agreements shall neither in breach of any of the conditions of any terms, requirements and relevant annual caps thereof, nor constitute new category of continuing connected transactions.

- (9) On 28 March 2013, the Company entered into the Framework Agreement 7 with CCID in relation to marketing and promotion services expenses framework agreement. The contract is valid from 28 March 2013 to 31 December 2015, CCID and/or its associates will provide marketing and promotion services to the Company and/or its subsidiaries. The contract prescribed that the maximum annual caps of the service fees for the three years ended 31 December 2015 were RMB500,000, RMB800,000 and RMB1,000,000 (this amount will last until the date of termination of this contract), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under this agreement may be confirmed by way of an order and may also otherwise by signing separate agreements, provided that such confirmation by way of orders and separate agreements shall neither in breach of any of the conditions of any terms, requirements and confirmation relevant annual caps thereof, nor constitute new category of continuing connected transactions.

As the applicable percentage ratio on an annual basis (other than the profits ratio) of the above 1 to 9 contracts is no more than 25% and the total consideration is less than HK\$10 million, the related transactions should only be subject to the annual review, reporting and the announcement requirements under Rule 20.74(2) of the GEM Listing Rules, and are exempted from following requirements of independent shareholders' approval.

- (10) On 28 March 2013, the Company entered into the Framework Agreement 1 with CCID in relation to informationization consultation and supervision services income framework agreement. The contract is valid from 28 March 2013 to 31 December 2015, the Company and/or its subsidiaries will provide (among others) informationization planning and information engineering supervision services to CCID and/or its associates. The contract prescribed that the maximum annual caps of the service fees for the three years ended 31 December 2015 were RMB11,500,000, RMB13,000,000 and RMB16,000,000 (this amount will last until the date of termination of this contract), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under this agreement may be confirmed by way of an order and may also otherwise by signing separate agreements, provided that such confirmation by way of orders and separate agreements shall neither in breach of any of the conditions of any terms, requirements and relevant annual caps thereof, nor constitute new category of continuing connected transactions.
- (11) On 28 March 2013, the Company entered into the Framework Agreement 2 with CCID in relation to informationization consultation and supervision services expenses framework agreement. The contract is valid from 28 March 2013 to 31 December 2015, CCID and/or its associates will provide (among others) informationization planning and information engineering supervision services to the Company and/or its subsidiaries. The contract prescribed that the maximum annual caps of the service fees for the three years ended 31 December 2015 were RMB2,000,000, RMB3,500,000 and RMB5,000,000 (this amount will last until the date of termination of this contract), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under this agreement may be confirmed by way of an order and may also otherwise by signing separate agreements, provided that such confirmation by way of orders and separate agreements shall neither in breach of any of the conditions of any terms, requirements and relevant annual caps thereof, nor constitute new category of continuing connected transactions.

Report of the Directors

- (12) On 28 March 2013, the Company entered into the Framework Agreement 3 with CCID in relation to management and strategic consulting services income framework agreement. The contract is valid from 28 March 2013 to 31 December 2015, the Company and/or its subsidiaries will provide management and strategy consulting services in respect of industry research, industry planning, industrial park development, urban economic development, enterprise management and investment and financing to CCID and/or its associates. The contract prescribed that the maximum annual caps of the service fees for the three years ended 31 December 2015 were RMB6,000,000, RMB7,000,000 and RMB8,000,000 (this amount will last until the date of termination of this contract), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under this agreement may be confirmed by way of an order and may also otherwise by signing separate agreements, provided that such confirmation by way of orders and separate agreements shall neither in breach of any of the conditions of any terms, requirements and relevant annual caps thereof, nor constitute new category of continuing connected transactions.
- (13) On 28 March 2013, the Company entered into the Framework Agreement 4 with CCID in relation to management and strategic consulting services expenses framework agreement. The contract is valid from 28 March 2013 to 31 December 2015, CCID and/or its associates will provide management and strategy consulting services in respect of industry research, industry planning, industrial park development, urban economic development, enterprise management and investment and financing to the Company and/or its subsidiaries. The contract prescribed that the maximum annual caps of the service fees for the three years ended 31 December 2015 were RMB1,600,000, RMB2,500,000 and RMB3,000,000 (this amount will last until of the date of termination of this contract), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under this agreement may be confirmed by way of an order and may also otherwise by signing separate agreements, provided that such confirmation by way of orders and separate agreements shall neither in breach of any of the conditions of any terms, requirements and relevant annual caps thereof, nor constitute new category of continuing connected transactions.
- (14) On 28 March 2013, the Company entered into the Framework Agreement 5 with CCID in relation to administration services expenses framework agreement. The contract is valid from 28 March 2013 to 31 December 2015, CCID and/or its associates will provide administration services in respect of house leasing, property management, Internet port and telephone and translation to the Company and/or its subsidiaries. The contract prescribed that the maximum annual caps of the service fees for the three years ended 31 December 2015 were RMB5,000,000, RMB6,000,000 and RMB6,000,000 (this amount will last until the date of termination of this contract), respectively. The individual continuing connected transactions between CCID and/or its associates and the Company and/or its subsidiaries under this agreement may be confirmed by way of an order and may also otherwise by signing separate agreements, provided that such confirmation by way of orders and separate agreements shall neither in breach of any of the conditions of any terms, requirements and relevant annual caps thereof, nor constitute new categories of continuing connected transactions.

As the applicable percentage ratio on an annual basis (other than the profits ratio) of above 10 to 14 contracts is not more than 25%, but the total consideration is more than HK\$10 million, thus the related transactions should be subject to the annual review, reporting, announcement and independent shareholders' approval requirements as required under Chapter 20 of the GEM Listing Rules. Such transactions have been approved by the independent shareholders at the extraordinary shareholders meeting on 13 June 2013.

CCID SMC, CCID Info and CCID Supervision are subsidiaries of the Company. Research Center is the controlling shareholder of the Company, as at the date of this annual report, it holds approximately 56.09% of the total issued share capital of the Company. CCID Translation and CCID Net are associates of the Research Center, and CCID is the ultimate shareholders of the Company, indirectly holding 69.41% shares of the total issued share capital of the Company at the date of the annual report.

Therefore, they are connected persons of the Company (as defined in Chapter 20 of the GEM Listing Rules), the contract constitutes the continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

Details of the above continuing connected transactions are set out in the announcements dated 16 December 2011, 15 May 2012 and 28 March 2013 and the circular dated 28 May 2013 published on the Stock Exchange's website www.hkex.com.hk and the Company's website www.ccidconsulting.com.

Non-Exempted Connected Transactions

Save as the above disclosed, for the year ended 31 December 2014, the Group had no connected transactions (including continuing connected transactions) that are not exempt from compliance with the annual reporting requirement in Chapter 20 of the GEM Listing Rules.

Further details of the above continuing connected transactions and connected transactions are set out in note 33 on pages 94 and 95 to the financial statement of this annual report.

Independent non-executive directors have reviewed the above non-exempted continuing connected transactions and confirmed as follows:

- (1) The transactions have been entered into in the ordinary and usual course of business of the Group;
- (2) The transactions have been entered into on normal commercial terms or better (as defined in the GEM Listing Rules); and
- (3) The transactions have been entered into according to the agreement governing them on terms that are fair and reasonable and in the interest of the Company's shareholders as a whole.

Report of the Directors

The Group's auditor has reviewed the above continuing connected transactions which are non-exempted, and confirmed to the Board that:

- (1) Nothing has come to their attention that cause them to believe that such continuing connected transactions were not approved by the board of directors of the listed issuer;
- (2) If the continuing connected transactions involve the provision of goods or services by the Group, nothing has come to their attention to cause them to believe that such continuing connected transactions were not in all material respects, conducted in accordance with the pricing policies of the Group;
- (3) Nothing has come to their attention that cause them to believe that such continuing connected transactions were not, in all materials respects, conducted in accordance with the agreed terms of the relevant transactions; and
- (4) Nothing has come to their attention that cause them to believe that the above continuing connected transactions exceeded the cap disclosed in previous announcements.

CONTRACT OF SIGNIFICANCE

The directors and supervisors of the Company do not, directly or indirectly, have any contract of material interests with the Company during the year (except service contracts).

Further details about transactions conducted in relation to these contracts during the year was set out in significant related party transactions in note 33 of the consolidated financial statements.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 31 December 2014, none of the directors, supervisors and chief executives or their associates have registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required to inform the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including the interests and short positions which they are taken or deemed to have taken under such provisions of the SFO) or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or inform the Company and the Stock Exchange pursuant to the required standards of dealings by the Directors as mentioned in Rule 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO PURCHASE SHARES

Save as disclosed above under the paragraph "Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares", at no time during the period were rights to obtain benefits by means of purchasing shares or debentures of the Company granted to any director and supervisor, their respective spouse or children under 18 years of age, or were any such rights exercised; or was the Company or its holding company, any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the director and supervisor of the Company to obtain such rights.

SHARE OPTION SCHEME

The Company conditionally adopted a Share Option Scheme as at 20 November 2002. The major terms and conditions of the Share Option Scheme set out in the section "Summary of the Terms of Share Option Scheme" under Appendix IV of the IPO as published on 29 November 2002. However, employees who are Chinese nationals in Mainland China shall not be entitled to exercise the option until the current restrictions on these persons for subscribing or dealing in H shares imposed by the laws and regulations in Mainland China have been amended or removed. As at the date of this report, the Share Option Scheme is not yet effective. No Share Option was granted under the Share Option Scheme as of 31 December 2014.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As of 31 December 2014, the following persons (other than the directors, supervisors and chief executives of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register and required to be kept under Section 336 of the SFO.

Name	Capacity	Nature of interest	Number and class of shares	Percentage in the same class of securities	Percentage of issued share capital
China Centre of Information Industry Development ("CCID") (Note 1)	Interest of controlled corporation	Long position	485,900,000 domestic shares	98.96%	69.41%
Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Development ("Research Centre") (Note 1)	Beneficial owner	Long position	392,610,000 domestic shares	79.96%	56.09%
Beijing CCID Riyue Investment Co., Ltd ("CCID Riyue") (Note 1)	Beneficial owner	Long position	93,290,000 domestic shares	19.00%	13.32%
Legend Holdings Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Lenovo Group Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Legend Holdings (BVI) Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Legend Express Agency & Services Limited (Note 2)	Interest of controlled corporation	Long position	20,000,000 H shares	9.57%	2.86%
Grade Win International Limited (Note 2)	Beneficial owner	Long position	20,000,000 H shares	9.57%	2.86%
Lam William Ka Chung (Note 3)	Interest of controlled corporation	Long position	14,600,000 H shares	6.99%	2.09%
J.P. Morgan Fleming Asset Management Holdings Inc. (Note 4)	Investment manager	Long position	15,000,000 H shares	7.18%	2.14%
J.P. Morgan Fleming Asset Management (Asia) Inc. (Note 4)	Investment manager	Long position	15,000,000 H shares	7.18%	2.14%
JF Asset Management Limited (Note 4)	Investment manager	Long position	10,700,000 H shares	5.12%	1.53%

Notes:

1. CCID, through Research Centre (controlled and supervised by CCID) and CCID Riyue (directly and indirectly, wholly owned by CCID) have beneficiary interests in the Company comprising the 392,610,000 domestic shares held directly by Research Center and the 93,290,000 domestic shares held directly by CCID Riyue.

Report of the Directors

2. Grade Win International Limited directly holds 20,000,000 H shares of the Company. Grade Win International Limited is a wholly-owned subsidiary of Legend Express Agency & Services Limited, which is in turn a wholly-owned subsidiary of Legend Holdings (BVI) Limited and Legend Holdings (BVI) Limited is wholly-owned by Lenovo Group Limited; Legend Holdings Limited holds 57.76% equity interests in shares of Lenovo Group Limited; and the above corporations are deemed to be interested in 20,000,000 H shares of the Company.
3. Kingsway Financial Services Limited directly holds 13,510,000 H shares of the Company. Kingsway Financial Services Limited is a wholly-owned subsidiary of Kingsway Securities Holdings Limited. Kingsway Securities Holdings Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Kingsway Lion Spur Technology Limited directly holds 1,090,000 H shares of the Company. Kingsway Lion Spur Technology Limited is a wholly-owned subsidiary of Festival Developments Limited. Festival Developments Limited is a wholly owned subsidiary of SW Kingsway Capital Holdings Limited. World Developments Limited directly holds 74% of the share capital of SW Kingsway Capital Holdings Limited. World Developments Limited is a wholly-owned subsidiary of Innovation Assets Limited. Innovation Assets Limited is a wholly-owned subsidiary of Kingsway International Holdings Limited. Mr. Lam William Ka Chung directly and indirectly holds approximately 40% equity interests in the share capital of Kingsway International Holdings Limited. Mr. Lam William Ka Chung is deemed to be interested in 14,600,000 H Shares of the Company.
4. JF Asset Management Limited directly holds 10,700,000 H shares of the Company. JF International Management Inc. directly holds 4,300,000 H shares of the Company. J.P. Morgan Fleming Asset Management (Asia) Inc. respectively holds 99.99% and 100% equity interests of JF Asset Management Limited and JF International Management Inc.. J.P. Morgan Fleming Asset Management (Asia) Inc. is a wholly-owned subsidiary of J.P. Morgan Fleming Asset Management Holdings Inc.. J.P. Morgan Fleming Asset Management (Asia) Inc. and J.P. Morgan Fleming Asset Management Holdings Inc. are deemed to be interested in 15,000,000 H shares of the Company.

Save as disclosed above and under "Directors', Supervisors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares", as at 31 December 2014, there is no other person had interests and short position in shares and underlying shares of the Company were required to be kept in the register pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the directors, the Company has maintained the sufficiency of public float requirement as specified in the GEM Listing Rules as at the date of this annual report.

COMPETING INTERESTS

None of the directors or the management shareholders (as defined in the GEM Listing Rules) of the Company and their respective associates has any interests in a business which competes with or may compete with the business of the Company.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group had a total of 385 employees (2013: 392). The Group, with reference to the market remuneration standard in the industry, shared its enterprise development with the employees, to further enrich the remuneration and welfare security system, coupled with the implementation of the average remuneration standard in the industry and full contribution to the social insurance and the provision of commercial insurance including the supplementary medical and accidental injury. The employees are rewarded or punished based on a policy of results-oriented performance appraisal. Those with outstanding results will be rewarded on a timely basis, in order to take the initiative to strive for excellent corporate culture.

AUDITORS

The financial statements for the year ended 31 December 2014 have been audited by Qual-Mark CPA Limited who retire and offer them for re-appointment at the 2015 annual general meeting.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Group is set out on Page 16 to 24 of this annual report.

BY ORDER OF THE BOARD

Luo Junrui

Chairman

Beijing, the People's Republic of China
25 March 2015

Report of the Supervisory Committee

To: All Shareholders

The supervisory committee of CCID Consulting Company Limited (the "Supervisory Committee") has discharged its duties and authorities conscientiously, protected the interests of the shareholders and the benefits of the Company, and performed according to the principles of honesty and credibility scrupulously with reasonable care and diligent on proactive basis in accordance with the *Company Law of the PRC*, requirements of the relevant laws and regulations of Hong Kong and the *Articles of Association*.

During the year, the Supervisory Committee prudently reviewed the operational and development plans of the Company and provided reasonable suggestions and advice to the Board, strictly and effectively supervised the Company's management as to whether the making of significant policy decisions and specific decisions was in compliance with the PRC laws and regulations and the Articles of Association of the Company, and whether they were in the interests of shareholders.

We have reviewed conscientiously and gave our consent to the report of the Directors, the audited financial reports and the dividend distribution proposal proposed at the forthcoming annual general meeting. We are of the opinion that the members of the Board, the general manager and other senior management of the Company have strictly observed the principles of honesty and credibility, performed their duties diligently and scrupulously, and have exercised their authority of office in good faith for the best interests of the Company, and have been capable of conducting their work in line with the Articles of Association, featuring relatively standardized operation and ever-perfecting internal control system. The transactions between the Company and related companies are executed strictly pursuant to terms in the interests of the shareholders of the Company as a whole and at fair and reasonable considerations. To date, none of the Directors, general manager and senior management members has been found abusing their authority of office, prejudicing the interests of the Company and infringing upon the interests of shareholders of the Company and employees of the Company, or in breach of any laws and regulations and the Articles of Association as well.

The Supervisory Committee is satisfied with the works and the economic benefits attained for the Company in 2014 and is fully confident in the future development of the Company.

By Order of the Supervisory Committee

Chen Ying

Chairman of the Supervisory Committee

Beijing, the People's Republic of China

25 March 2015

Independent Auditor's Report

To the shareholders

CCID Consulting Company Limited

賽迪顧問股份有限公司

(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of the Group set out on pages 39 to 99 which comprise the consolidated and the Company's statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRS and the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with HKFRS and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

QUAL-MARK CPA LIMITED

Room 2203, 22/F., Tung Wai Commercial Building,
109-111 Gloucester Road, Wanchai, Hong Kong

25 March 2015

Chan Ling Fung

Practising Certificate number P06188

Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Group

Year ended 31 December 2014

	Notes	2014 RMB('000)	2013 RMB('000)
Turnover	4a	131,285	145,788
Cost of sales		(63,312)	(74,153)
Gross profit		67,973	71,635
Other revenue			
Other revenue	4b	515	508
		68,488	72,143
Operating expenses			
Selling and distribution expenses		(14,965)	(14,326)
Administrative expenses		(38,600)	(36,100)
Other operating expenses		(65)	(6)
		(53,630)	(50,432)
Impairment of assets	5	(1,111)	(7,479)
Fair value adjustment on financial assets		—	(28)
		(54,741)	(57,939)
Profit before taxation	6	13,747	14,204
Taxation	7	(3,107)	(844)
Profit for the year		10,640	13,360
Other comprehensive income		—	—
Total comprehensive income		10,640	13,360
Attributable to:			
Equity holders of the Company	10	8,978	10,086
Non-controlling interests		1,662	3,274
		10,640	13,360
Earnings per share			
Basic (RMB cents)	12	1.3	1.4
Diluted (RMB cents)	12	1.3	1.4

The notes on pages 45 to 99 form part of these consolidated financial statements.

Consolidated Statement of Financial Position of the Group

31 December 2014

	Notes	2014 RMB('000)	2013 RMB('000)
Non-current assets			
Property, plant and equipment	14	20,961	22,531
Intangible assets	16	14,681	14,681
Accrued assets	18	9,497	6,305
Long term investments	22	1,990	1,990
Deferred tax assets	27	2,172	4,152
		49,301	49,659
Current assets			
Accounts receivable	17	16,731	15,405
Accrued assets	18	34,315	41,464
Prepayment, deposits and other receivable	20	7,084	9,302
Cash and cash equivalents	21	71,217	55,210
Short term investments	22	227	162
		129,574	121,543
Current liabilities			
Accounts payable	23	2,661	1,206
Deferred revenue	24	6,459	7,703
Accruals and other payable	25	15,988	17,348
Due to related parties	26	3,091	2,889
Current tax liabilities		1,747	2,355
		29,946	31,501
Net current assets		99,628	90,042
Total assets less current liabilities		148,929	139,701

Consolidated Statement of Financial Position of the Group

31 December 2014

	Notes	2014 RMB('000)	2013 RMB('000)
Non-current liabilities			
Deferred tax liabilities	27	887	2,346
NET ASSETS		148,042	137,355
EQUITY			
Share capital	28	70,000	70,000
Reserves	29	59,178	49,598
Total equity attributable to equity holders of the Company		129,178	119,598
Non-controlling interests	29	18,864	17,757
TOTAL EQUITY		148,042	137,355

Approved and authorized for issue by the board of Directors on 25 March 2015.

Luo Junrui
Director

An Guangyou
Director

The notes on pages 45 to 99 form part of these consolidated financial statements.

Separate Statement of Financial Position of the Company

31 December 2014

	Notes	2014 RMB('000)	2013 RMB('000)
Non-current assets			
Property, plant and equipment	14	20,573	22,150
Interests in subsidiaries	15	76,322	72,962
Deferred tax assets	27	1,796	4,152
		98,691	99,264
Current assets			
Accounts receivable	17	8,066	9,403
Accrued assets	18	26,878	27,415
Prepayment, deposits and other receivable	20	2,322	3,825
Cash and cash equivalents	21	25,235	15,279
Short term investments	22	227	162
		62,728	56,084
Current liabilities			
Accounts payable	23	9,000	8,938
Deferred revenue	24	2,265	5,950
Accruals and other payable	25	8,738	9,982
Due to related parties	26	2,920	2,858
Current tax liabilities		635	1,059
		23,558	28,787
Net current assets		39,170	27,297
NET ASSETS		137,861	126,561
EQUITY			
Share capital	28	70,000	70,000
Reserves	29	67,861	56,561
TOTAL EQUITY		137,861	126,561

Approved and authorized for issue by the board of Directors on 25 March 2015.

Luo Junrui
Director

An Guangyou
Director

The notes on pages 45 to 99 form part of these consolidated financial statements

Consolidated Statement of Changes in Equity of the Group

Year ended 31 December 2014

	Notes	2014 RMB('000)	2013 RMB('000)
Share capital			
Balance at beginning and end of year	28	70,000	70,000
Statutory reserve			
Balance at beginning of year		6,797	5,785
Appropriated from retained profits		1,194	1,012
Appropriated from non-controlling interests		546	—
Changes due to capital injection to a partly-owned subsidiary	30	13	—
Balance at end of year		8,550	6,797
Retained profits			
Balance at beginning of year		42,801	34,053
Profit for the year*		8,978	10,086
Appropriated to statutory reserve		(1,194)	(1,338)
Changes due to capital injection to a partly-owned subsidiary	30	43	—
Balance at end of year		50,628	42,801
Attributable to equity holders of the Company		129,178	119,598
Non-controlling interests			
Balance at beginning of year		17,757	14,157
Capital contributed by non-controlling interest		47	—
Profit for the year*		1,662	3,274
Appropriated to statutory reserve		(546)	326
Changes due to capital injection to a partly-owned subsidiary	30	(56)	—
Balance at end of year		18,864	17,757
Total		148,042	137,355
Total comprehensive income for the year*			
Attributable to equity holders of the Company		8,978	10,086
Attributable to non-controlling interests		1,662	3,274
		10,640	13,360

The notes on pages 45 to 99 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows of the Group

Year ended 31 December 2014

	Note	2014 RMB('000)	2013 RMB('000)
Cash flows from operating activities			
Profit before taxation		13,747	14,204
Depreciation		1,630	1,645
Dividend income		—	(6)
Interest income		(237)	(173)
Fair value adjustment on financial assets		(65)	28
		15,075	15,698
Increase in accounts receivable		(1,326)	(6,074)
Decrease in accrued assets		3,958	1,395
(Increase)/decrease in prepayment, deposits and other receivable		2,218	(3,307)
Increase/(decrease) in accounts payable		1,456	(545)
Increase/(decrease) in accruals and other payable		(2,402)	11,188
		18,979	18,355
PRC enterprise income tax paid		(3,196)	(2,242)
		15,783	16,113
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(60)	(312)
Dividend received		—	6
Interest received		237	173
		177	(133)
Cash flows from financing activities			
Capital contributed by non-controlling interests		47	—
		47	—
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		55,210	39,230
		71,217	55,210
Cash and cash equivalents at end of year	21	71,217	55,210

The notes on pages 45 to 99 form part of these consolidated financial statements.

Notes to Consolidated Financial Statements

31 December 2014

1. GENERAL

(a) Definition

In these consolidated financial statements, the following terms shall have the following meanings:

The Company	CCID Consulting Company Limited 賽迪顧問股份有限公司
The Directors	all of the directors of the Company
The Group	comprises the Company and all of its subsidiaries
HKICPA	Hong Kong Institute of Certified Public Accountants
Exchange	The Stock Exchange of Hong Kong Limited
Hong Kong Companies Ordinance	Predecessor Companies Ordinance (Cap. 32)
HKFRS	Hong Kong Financial Reporting Standard issued by HKICPA
HKAS	Hong Kong Accounting Standard issued by HKICPA
HK(SIC) — Int	Hong Kong Interpretation issued by HKICPA based on equivalent interpretation issued by former Standing Interpretations Committee
HK(IFRIC) — Int	Hong Kong Interpretation issued by HKICPA based on equivalent interpretation issued by International Financial Reporting Interpretation Committee
HK — Int	Hong Kong Interpretation issued by HKICPA
PRC	The People's Republic of China
MIICMD	Research Center of Ministry of Industry and Information Technology Computer and Microelectronics Industry Development, the immediate holding company of the Company
CCID	China Centre of Information Industry Development, the ultimate holding company of the Company
CCID Design	Beijing CCID Industry and Information Engineering Design Center Co., Ltd. (formerly known as Beijing CCID Information Engineering Design Co Ltd.), a subsidiary of the Company
CCID Supervision	Beijing CCID Industry and Information Engineering Supervision Co., Ltd. (formerly known as Beijing CCID Information Engineering Supervision Co Ltd.), a subsidiary of CCID Design

Notes to Consolidated Financial Statements

31 December 2014

1. GENERAL (Continued)

(a) Definition (Continued)

CCID Capital	Beijing CCID Capital Consulting Co., Ltd., a subsidiary of the Company
CCID Management	Beijing CCID Strategy Management Consulting Co., Ltd., a subsidiary of the Company
CCID City Strategy	Beijing CCID City Strategy Consulting Co., Ltd., a subsidiary of the Company
Shenzhen CCID Strategy	Shenzhen CCID Strategy Consulting Co., Ltd., a subsidiary of the Company
CCID Group	comprises CCID and all of its subsidiaries, connected parties, controlling entities and agents
Cash equivalents	short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value
Fair value	the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date
Related company	a company in which one or more related parties have controlling interests thereon or are in a position to exercise significant influence on financial and operation decision
GEM	Growth Enterprise Market of Exchange

(b) Corporate information

The Company is a company registered in PRC as a joint stock company with limited liability and its H shares are listed on GEM since 12 December 2002. The registered office of the Company in PRC is located at Room 210, No. 12 Huo Ju Jia Road, Chang Ping District, Beijing, PRC. Its principal office and place of business is located at 9th and 10th Floor of CCID Plaza, 66 Zizhuyuan Road, Hai Dian District, Beijing, PRC. Its principal place of business in Hong Kong is located at Level 18, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

The Group principally engages in the provision of management and strategic consultancy, market consultancy, data information management and information engineering supervision services.

(c) Holding companies

In the opinion of the Directors, the Company's immediate holding company is MIICMD, a company established in the PRC; the Company's ultimate holding company is CCID, a company established in the PRC and the ultimate controlling party is the Government of PRC. All of these parties do not prepare financial statements available for public use.

Notes to Consolidated Financial Statements

31 December 2014

1. GENERAL (Continued)**(d) Presentation currency and level of rounding**

Unless stated otherwise, all currency figures in these financial statements are presented in Renminbi (RMB) rounded to the nearest one thousand dollars.

(e) Other

The English names of those companies referred in the financial statements represent the unofficial translation of their respective registered Chinese names. Their English names have not been legally adopted by these entities.

2. BASIS OF PREPARATION**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with all applicable HKFRSs, HKASs, HK(SIC) — Int, HK(IFRIC) — Int, HK — Ints, Generally Accepted Accounting Principles and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM.

(b) Basis of presentation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and all of its subsidiaries. These consolidated financial statements are measured at the basis stated in note 3 to the consolidated financial statements. The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2(c).

Notes to Consolidated Financial Statements

31 December 2014

2. BASIS OF PREPARATION (Continued)

(c) Critical accounting judgments and key sources of estimation uncertainty

In the process of applying the Group's accounting policies (as stated in note 3), management has made the following judgments that have significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also discussed below.

Impairment of property, plant and equipment, intangible assets and long-term investments

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Group has to exercise judgment in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (ii) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test. The Group determines whether an asset is impaired at least on an annual basis or where an indication of impairment exists. This requires an estimation of the value in use of the asset. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Income recognition

The Group's major income is measured on percentage of completion basis. To secure proper measurement of recognized income, the Group has established multi-layer approval procedures in its internal control system. The Group has also implemented real-time OA system to secure proper approval of the level of completion on real-time basis. However, the approval procedures inevitably involve human judgment in the assessment of the level of completion that lead to estimation uncertainty on income recognition.

Impairment loss for bad and doubtful debts

The policy for impairment loss for bad and doubtful debts of the Group is based on the evaluation of collectability, ageing analysis of accounts and management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment losses may be required.

Notes to Consolidated Financial Statements

31 December 2014

2. BASIS OF PREPARATION (Continued)**(d) Effective HKFRS**

The following HKFRS and HKAS, newly issued or revised, become effective in this year.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities
Amendment to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendment to HKAS 36	Impairment of assets: Recoverable amounts disclosures for non-financial assets
Amendment to HKAS 39	Financial instruments: Recognition and measurement — novation of derivatives and continuation of hedge accounting
HK(IFRIC) — Int 21	Levies

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) “Investment entities” define the term ‘investment entity’ and provide supporting guidance for measurement of investments in the form of controlling interests in another entity at fair value through profit or loss in accordance with HKFRS 9 ‘Financial Instruments’ (or HKAS 39 “Financial Instruments: Recognition and Measurement”) instead of consolidating them. They also specify disclosure requirements for investments entities. The Group has applied the amendments retrospectively without material impact.

Amendments to HKAS 32 “Offsetting Financial Assets and Financial Liabilities” clarified that rights of set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all of the counterparties to the contract. The amendments also clarify the rights of set-off must not be contingent on a future event. Gross settlement mechanisms with specific features would meet the net settlement criterion. The Group has applied the amendments retrospectively without material impact.

Amendments to HKAS 36 “Impairment of Assets: Recoverable Amounts Disclosures for Non-Financial Assets” requires disclosures for an individual asset or a cash-generating unit if an impairment loss has been recognised or reversed during the period. Recoverable amounts of such assets are required to be disclosed. And if the recoverable amount is based on fair value less costs of disposal, its “fair value hierarchy”, description of valuation technique and key assumptions have to be disclosed where applicable. On the other hand, it removes the requirement to disclose recoverable amounts for cash generating unit containing goodwill or intangible assets with indefinite useful lives when they have not had impairment or reversal of impairment. The amendments have insignificant impact to the Group.

Amendments to HKAS 39 “Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting” provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments have been applied retrospectively without material impact.

HK(IFRIC) — Int 21 “Levies” provides guidance on when a liability to pay a levy imposed by a government should be recognised. It defines what “Levies” are and clarifies that the obligating event that gives rise to such liability is the activity that triggers the payment of the levy as identified by the legislation. The Group has applied the amendments retrospectively without material impact.

Notes to Consolidated Financial Statements

31 December 2014

2. BASIS OF PREPARATION (Continued)

(d) Effective HKFRS (Continued)

The New Hong Kong Companies Ordinance (Cap. 622) came into effect on 3 March 2014. This set of consolidated financial statements is under transitional period. As the Company is a company incorporated in the PRC, the New Hong Kong Companies Ordinance (Cap. 622) has no material impact on the Group's and the Company's audited financial statements. The New Hong Kong Companies Ordinance (Cap. 622) has impact on the Group's and the Company's audited financial statements for the financial year ending 31 December 2015.

The application of the amendments to HKFRSs in the current year has no material impact on the Group's as well as the Company's financial performance and position for the current and prior years and on the disclosures set out in these financial statements.

(e) Impact of issued but not yet effective HKFRS

HKICPA has issued the following HKFRSs, HKAS, HK(IFRIC) — Ints, newly issued or revised as indicated, and their amendments ("the Standards and Amendments") that would become effective from the accounting period beginning on or after the date set out below, viz:-

		Effective from
HKFRS 9	Financial instruments	1 January 2018
HKFRS 14	Regulatory deferred account (for the first timer of adopting HKFRS only)	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
Amendment to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendment to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investing entities: applying the consolidation exception	1 January 2016
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations	1 January 2016
Amendment to HKAS 1	Disclosure initiative	1 January 2016
Amendment to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendment to HKAS 16 and HKAS 41	Agriculture: bearer plants	1 January 2016
Amendment to HKAS 19	Defined benefit plans: employee contribution	1 July 2014
Amendment to HKAS 27	Equity method in separate financial statements	1 January 2016
Amendment to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle	1 July 2014
Amendment to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle	1 July 2014
Amendment to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle	1 January 2016

The Group and the Company has not early adopted the Standards and Amendments in this set of financial statements. The Group and the Company has already commenced an assessment of the impact of the Standards and Amendments but not yet in a position to state whether the Standards and Amendments would have a significant impact on its operating results and financial positions.

Notes to Consolidated Financial Statements

31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The followings are the specific accounting policies that are necessary for a proper understanding of the financial statements.

(a) Subsidiaries and non-controlling interests

Subsidiaries are entities, including unincorporated body such as partnership, which are controlled by the Company. The Company controls an entity when it is exposed, or has rights to variable returns from its involvement with the entity and has the ability to offset those returns through its power over the entity. In assessing control, potential voting rights that presently are exercisable taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Non-controlling interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interest that meets the definition of a financial liability. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between non-controlling interests and the equity holders of the Company.

Where losses attributable to the non-controlling interests exceed their interest in the equity of a subsidiary, the excess are still charged against the non-controlling interests. The Group shall not bear the liabilities attributable to non-controlling interests.

In the Company's separate statement of financial position, investments in a subsidiary are stated at cost less impairment losses, if any, unless the investment is classified as held for sale (or included in a disposal group). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

Notes to Consolidated Financial Statements

31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Intangible assets

Intangible assets with indefinite useful lives are stated at cost less accumulated amortisation and impairment losses, if any, brought forward from previous years. They are not subject to amortisation but reviewed for impairment annually.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises purchase price and conversion cost. Expenditure such as repairs and maintenance, overhaul costs and cost of restoring are normally charged to profit or loss when they are incurred. Where expenditure has resulted in an increase in the future economic benefit from the use of the property, plant and equipment, the expenditure is capitalised. On disposal or retirement, the cost together with associated accumulated depreciation and impairment losses, if any, of the property, plant and equipment are removed from the accounts and any gain or loss resulting from the disposal is included in profit or loss.

The residual value and useful lives of property, plant and equipment are reviewed annually. Depreciation is calculated to write off the depreciable amount of items of property, plant and equipment, using the straight-line method over their estimated useful lives as follows:

	2014	2013
Land and buildings held under finance lease	30 years	30 years
Furniture, fixtures and equipment	5 years	5 years
Motor vehicles	5 years	5 years

(d) Leased assets

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are accounted for as operating leases. Annual rents applicable to such operating leases are charged to profit or loss on a straight-line basis over the lease term. Upfront payments on leasehold land and land use rights are charged to profit or loss on a straight-line basis over the lease term. Incentives such as rent-free period or subsidy on decoration, if any, are recognised as a reduction of rental expenses over the lease term on straight-line basis.

(e) Impairment of assets

i) Impairment of receivables

Receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised. For financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

Notes to Consolidated Financial Statements

31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(e) Impairment of assets** (Continued)**i) Impairment of receivables** (Continued)

An impairment loss is reversed if the impairment loss reduced by subsequent favourable changes in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

ii) Intangible assets with indefinite useful lives

Intangible assets are evaluated based on the relevant profit after tax, appropriate discounting factor and expected growth rate, and computed using dividend model with several major assumptions. Impairment loss is determined by comparing the recoverable amount with carrying value of the intangible assets.

iii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- investments in subsidiaries (excluding those classified as current assets); and
- available-for-sale financial assets stated at cost.

If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Notes to Consolidated Financial Statements

31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Impairment of assets (Continued)

iii) *Impairment of other assets* (Continued)

Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(f) Accounts and other receivables

Accounts and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

(g) Accounts and other payables

Accounts and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Notes to Consolidated Financial Statements

31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(i) Financial assets at fair value through profit or loss

Financial assets that are classified as held for trading or are designated at fair value through profit or loss at initial recognition are classified as financial assets at fair value through profit or loss. Derivatives are also categorised as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss are initially recognised at fair value of transaction date. After initial recognition, financial assets at fair value through profit or loss are measured at fair value prior to the deduction of transaction cost. Gains or losses arising from change of fair value or otherwise are recognised in profit or loss.

(j) Available-for-sale financial assets

Unlisted equity instruments whose fair value cannot be reliably measured are classified as available-for-sale financial assets. Available-for-sale financial assets are initially recognised and subsequently measured at cost. Impairment loss, exchange gain or loss and gain or loss after derecognition are recognised in profit or loss. All other gains or losses are dealt with directly in equity.

(k) Employee benefits

Salaries, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values. Annual bonus determined by the management by reference to the operating result of previous years, unless there are objective evidences showing that the bonuses are associated to the services rendered by employees in previous years are recognised as expenses at the time of payment.

The Group participates in a defined contribution retirement plan organised by the local municipal government for its staff. The Group is required to make contributions to the retirement plan at a certain rate of the salaries, bonuses and certain allowance of its staff. The contributions payable are charged to profit and loss on an accrual basis according to the contribution determined by the plan. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the plan is to pay the ongoing required contributions under the plan mentioned above.

Notes to Consolidated Financial Statements

31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each end of reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Notes to Consolidated Financial Statements

31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(l) Income tax** (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority; or
- the same taxable entity; or
- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Notes to Consolidated Financial Statements

31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

When the outcome of a contract can be estimated reliably, revenue from the rendering of services is recognised using the percentage of completion method, measured by reference to the progress reports submitted by the staff-in-charge with the assessment of Project Manager and Department Head. Contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

The expected loss foreseeable by management is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date, plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

(o) Information engineering supervision

Information engineering supervision contract revenue on the rendering of services comprises the sum agreed by contractual parties. Cost of rendering services comprise labour and other cost directly engaged in providing the services and attributable overheads.

Information engineering supervision contracts are divided into two parts, namely Part A and Part B. Part A refers to those services provided by the in-house staff of CCID Supervision. This part of revenue is measured on percentage of completion basis. For contracts having retention period, 10% of income will be recognized after the retention period. Part B refers to those services provided by out-sourcing contractors which are subject to the approval of the staff-in-charge of CCID Supervision. This part of revenue is recognized having the staff-in-charge approved the payment requisitions submitted by the out-sourcing contractors.

Notes to Consolidated Financial Statements

31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(p) Revenue recognition**

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- i) Revenue from the rendering of data information management, market consultancy, management consultancy strategic consultancy and design consultancy services is recognised in note 3(n) above;
- ii) Revenue from rendering of information engineering supervision service is recognised according to note 3(o) above;
- iii) Revenue from the provision of training courses is recognised in accordance with the progress of the training programme; and
- iv) Interest income is recognised as it accrues using the effective interest method.

Revenue is presented after deduction of value-added tax and sales tax, where applicable.

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

Notes to Consolidated Financial Statements

31 December 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

- (I) A person or a close member of that person's family is related to the Group if that person:
 - i. has control or joint control over the Group;
 - ii. has significant influence over the Group; or
 - iii. is a member of the key management personnel of the Group or of a parent of the Company.
- (II) An entity is related to the Group if any of the following conditions applies:
 - i. Both the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. The members of the Group are associates or joint ventures of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) or vice versa.
 - iii. The members of the Group and the entity are joint ventures of the same third party.
 - iv. The members of the Group are joint ventures of a third entity and the entity is an associate of the third entity or the members of the Group are associates of the third entity and the entity is a joint venture of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - vi. The entity is controlled or jointly controlled by a person identified in (I) above.
 - vii. A person identified in (I)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the Group and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependants of that person or that person's spouse or domestic partner.

Notes to Consolidated Financial Statements

31 December 2014

4. REVENUE

(a) Turnover

Turnover represents the sales value of services provided to customers (net of value-added tax), which excludes sales surtaxes. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014 RMB('000)	2013 RMB('000)
Management and Strategic Consultancy Services	76,947	88,400
Market Consultancy Services	12,394	18,776
Data Information Management Services	647	1,027
Information Engineering Supervision Services	37,217	35,460
Other	4,080	2,125
	131,285	145,788

(b) Other revenue

	2014 RMB('000)	2013 RMB('000)
Dividend income	—	6
Interest income from bank deposits	237	173
Changes in fair value in short-term investments	65	—
Sundry income	213	329
	515	508

5. IMPAIRMENT OF ASSETS

	2014 RMB('000)	2013 RMB('000)
Trade receivables and accrued assets		
Bad and doubtful debts recognised in profit or loss	3,839	8,408
Bad and doubtful debts released	—	—
Bad and doubtful debts recovered	(2,728)	(929)
	1,111	7,479

Notes to Consolidated Financial Statements

31 December 2014

5. IMPAIRMENT OF ASSETS (Continued)

The Directors have carried out individual assessment on accounts receivable and accrued asset at the end of reporting period based on the result of collection actions taken by Credit Control Department and/or Accounting Department, collaterals on hand, guarantee obtained and the experience of the Directors. The Directors have also carried out collective assessment based on ageing analysis and the irrecoverable rate of bad debt. Impairment losses recognised during the year include:

	2014 RMB('000)	2013 RMB('000)
Individually assessed		
New and additions	3,839	5,755
Less: Recovered	(1,532)	(929)
	2,307	4,826
Collectively assessed		
New and additions	—	2,653
Less: Recovered	(1,196)	—
	(1,196)	2,653

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Staff costs (including directors' and supervisors' remuneration)

	2014 RMB('000)	2013 RMB('000)
Salaries, wages and other benefits	53,224	58,341
Retirement benefit scheme contributions	15,852	16,388
Total staff costs	69,076	74,729

Total staff costs include research and development costs amounted to RMB13,149 thousand (2013: RMB12,789 thousand).

At 31 December 2014, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2013: Nil).

Notes to Consolidated Financial Statements

31 December 2014

6. PROFIT BEFORE TAXATION (Continued)

(b) Other items

	2014 RMB('000)	2013 RMB('000)
Cost of services provided #	63,312	74,153
Auditor's remuneration	372	295
Depreciation #	1,630	1,645
Operating lease rental: Land and buildings #	2,362	1,529
Research and development cost #	13,149	12,789
# The cost of services provided included:		
Depreciation	816	710
Staff cost	34,205	40,832
Operating lease rental: Land and buildings	975	721

7. TAXATION

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2014 RMB('000)	2013 RMB('000)
PRC enterprise income tax		
Provision for the year	2,969	3,986
Deferred tax — temporary differences	138	(3,142)
	3,107	844

No provision for Hong Kong profits tax has been made as the Group has no profits assessable to Hong Kong profits tax for the year ended 31 December 2014 (2013: Nil). Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdiction in which the Group concerned operates based on prevailing legislation, interpretations and practices during the year.

Pursuant to the Income Tax Law of PRC, the Company and other members in the Group (except CCID Supervision) are subject to a corporate income tax at a rate of 25% (2013: 25%).

CCID Supervision is a high and new technology enterprise registered in the Beijing New Technology Enterprise Development Zone. Pursuant to the Income Tax Law of PRC, it is subject to a corporate income tax at a rate of 15% (2013: 15%).

Major unrecognised deferred tax as at 31 December 2014 is disclosed in note 27(b) to the consolidated financial statements.

Notes to Consolidated Financial Statements

31 December 2014

7. TAXATION (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2014 RMB('000)	2013 RMB('000)
Profit before taxation	13,747	14,204
Applicable tax rate	25%	25%
Product of accounting profit multiplied by applicable tax rate	3,437	3,551
Tax effect of non-deductible expenses	11	183
Preferential tax rate granted to high technology industry	(649)	(1,037)
Tax effect of unused tax losses	487	448
Tax effect of unrecognised but taxed income	2,483	1,030
Tax effect of deductible but not recognised expenses	1,004	2,685
Tax effect of recognised but untaxed income	(2,916)	(2,122)
Tax effect of non-taxable revenue	(416)	(2)
Tax effect of tax loss in prior years offsetting tax profit for current year	(402)	(750)
Adjustment on deferred tax expenses	138	(3,142)
Other adjustments	(70)	—
Tax expense	3,107	844

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration disclosed pursuant to the GEM Listing Rules and section 161 of the Hong Kong Companies Ordinance is as follows:

	2014 RMB('000)	2013 RMB('000)
Fees	235	355
Salaries and other benefits	615	616
Bonus	227	220
Retirement benefit scheme contributions	172	153
	1,249	1,344

Notes to Consolidated Financial Statements

31 December 2014

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

Details of directors' and supervisors' remuneration by individuals are as follows:

2014

	Fees RMB('000)	Salaries and other benefits RMB('000)	Bonus RMB('000)	Retirement benefit scheme contributions RMB('000)	Total RMB('000)
Executive directors					
Luo Wen (Note 8.1)	7	—	—	—	7
Li Shuchong (Note 8.2)	32	457	213	87	789
Luo Junrui (Note 8.3)	2	—	—	—	2
Non-executive directors					
Song Xianzhu (Note 8.1)	7	—	—	—	7
Wang Peng (Note 8.1)	7	—	—	—	7
Lu Shan (Note 8.1)	7	—	—	—	7
An Guangyou (Note 8.4)	2	—	—	—	2
Independent non-executive directors					
Guo Xiping (Note 8.5)	43	—	—	—	43
Han Fuling (Note 8.5)	43	—	—	—	43
Li Xuemei (Note 8.5)	43	—	—	—	43
Supervisors					
Gong Chenghe (Note 8.6)	7	—	—	—	7
Zhao Zeming (Note 8.6)	7	—	—	—	7
Zhao Xiuzhen (Note 8.7)	24	146	14	77	261
Hu Yun (Note 8.8)	2	12	—	8	22
Chen Ying (Note 8.8)	2	—	—	—	2
Total for 2014	235	615	227	172	1,249

Notes to Consolidated Financial Statements

31 December 2014

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

Notes:

- 8.1 According to the requirements under the *Opinions on Further Regulation on Party and Political Leaders and Cadres Working Part-time (Holding Office) in Enterprises* issued by the Organization Department of the CPC Central Committee, party and political leaders and cadres who currently hold position and currently do not hold position but have not completed their retirement (resignation) procedures or those who have completed their retirement (resignation) procedures shall not work part-time (hold office) in enterprises, unless otherwise obtain the approval from the cadres management authority under limited exception. Therefore, Mr. Luo Wen, as Executive Director, Mr. Song Xianzhu, Mr. Lu Shan and Mr. Wang Peng, as Non-executive Directors expressed that they will not offer and have not offered themselves for re-election at the Extraordinary General Meeting held on 25 November 2014 in order to comply with the above relevant requirements. They confirmed that there was no disagreement with the Board of the Company. In addition, the Board and each of them confirmed that there are no matters concerning their retirement that need to be brought to the attention of the shareholders of the Company. The Company approved their retirement at the Extraordinary General Meeting held on 25 November 2014.
- 8.2 Mr. Li Shuchong will continue to act as the Company's General Manager, he intends to concentrate on the operational management of the Company. Mr. Li has decided to retire following the expiration of his current term of office falling on 25 November 2014, and not to offer and has not offered himself for re-appointment at the Extraordinary General Meeting held on 25 November 2014. Mr. Li Shuchong confirmed that there was no disagreement with the Board of Directors of the Company and there is no matter relating to his retirement that will need to be brought to the attention of shareholders of the Company. The Company approved the retirement of Mr. Li Shuchong.
- 8.3 By the Extraordinary General Meeting held on 25 November 2014, the shareholders of the Company resolved to appoint Mr. Luo Junrui as an Executive Director of the Company.
- 8.4 By the Extraordinary General Meeting held on 25 November 2014, the shareholders of the Company resolved to appoint Mr. An Guangyou as a Non-Executive Director of the Company.
- 8.5 By the Extraordinary General Meeting held on 25 November 2014, the shareholders of the Company resolved to re-elect Mr. Guo Xiping, Mr. Han Fuling and Ms. Li Xuemei as an Independent Non-Executive Director of the Company.
- 8.6 According to the requirements under the *Opinions on Further Regulation on Party and Political Leaders and Cadres Working Part-time (Holding Office) in Enterprises* issued by the Organization Department of the CPC Central Committee, party and political leaders and cadres who currently hold positions and currently do not hold positions but have not completed their retirement (resignation) procedures or those who have completed their retirement (resignation) procedures shall not work part-time (hold office) in enterprises, unless otherwise obtain the approval from the cadres management authority under limited exception. Therefore, Mr. Gong Chenghe and Mr. Zhao Zeming expressed that they will not offer and have not offered themselves for re-election at the Extraordinary General Meeting held on 25 November 2014 in order to comply with the above relevant requirements. They confirmed that there was no disagreement between the Supervision Committee and the Board of the Company. In addition, the Supervisory Committee and each of them confirmed that there are no matters concerning their retirement that need to be brought to the attention of the shareholders of the Company. The Company approved their retirement at the Extraordinary General Meeting held on 25 November 2014.
- 8.7 By the Congress of staff held on 25 November 2014, Ms. Zhao Xiuzhen was re-elected as Staff representative supervisor of the Company.
- 8.8 By the Extraordinary General Meeting held on 25 November 2014, the shareholders of the Company resolved to elect Ms. Chen Ying and Ms. Hu Yun as Supervisors of the Company.

Notes to Consolidated Financial Statements

31 December 2014

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (Continued)

2013

	Fees RMB('000)	Salaries and other benefits RMB('000)	Bonus RMB('000)	Retirement benefit scheme contributions RMB('000)	Total RMB('000)
Executive directors					
Luo Wen	29	—	—	—	29
Li Jun (Note 8.9)	16	233	200	38	487
Li Shuchong (Note 8.10)	5	226	—	41	272
Non-executive directors					
Song Xianzhu	29	—	—	—	29
Wang Peng	29	—	—	—	29
Lu Shan	29	—	—	—	29
Independent non-executive directors					
Guo Xinping	43	—	—	—	43
Han Fuling	43	—	—	—	43
Li Xuemei	43	—	—	—	43
Supervisors					
Gong Chenghe	29	—	—	—	29
Zhao Zeming	29	—	—	—	29
Zhao Xiuzhen	31	157	20	74	282
Total for 2013	355	616	220	153	1,344

Notes:

8.9 Mr. Li Jun resigned the position of Executive Director, Chief Executive Officer and member of the Remuneration Committee of the Company due to work re-allocation with effect from 24 June 2013. Mr. Li Jun confirmed that he had no disagreement with the Board and there was no matter relating to his resignation of positions of Executive Directors, Chief Executive Officer and member of the Remuneration Committee of the Company that would need to be brought to the attention of shareholders of the Company.

8.10 By the General Meeting held on 5 November 2013, the shareholders of the Company resolved to appoint Mr. Li Shuchong as an Executive Director of the Company.

No emoluments were paid by the Group to the directors and supervisors as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2014 (2013: Nil).

No directors and supervisors forfeited any emolument during the year ended 31 December 2014 (2013: Nil).

Notes to Consolidated Financial Statements

31 December 2014

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2013: one) is a director whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other four (2013: four) individuals are as follows:

	2014 RMB('000)	2013 RMB('000)
Salaries and other benefits	1,453	1,491
Bonuses	767	516
Retirement benefit scheme contributions	329	270
	2,549	2,277

The emoluments of all highest paid non-director individuals during the year ended 31 December 2014 falls below one million RMB (2013: Same).

No emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2014 (2013: Nil).

10. PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company includes RMB11,299,676 (2013: loss of RMB4,942,619) which has been dealt with in the financial statements of the Company.

11. DIVIDENDS

The Directors do not recommend payment of final dividend for the year ended 31 December 2014 (2013: Nil).

Pursuant to the PRC Company Law and the Articles of Association of the Company and all of its subsidiaries, dividend shall only be distributed having deducted all of the following items from the profit after tax:

- (i) Making up prior year's accumulative losses, if any.
- (ii) Allocations to the statutory common reserve funds of at least 10% of profit after tax, until the fund aggregates 50% of its registered capital. For the purpose of calculating the transfer to reserves, the profit after tax shall be the amount determined under PRC accounting principles and financial regulations. The transfer to this reserve must be made before any distribution of dividends to shareholders.
- (iii) The statutory common reserve funds can be used to offset prior years' losses, if any, and part of the statutory common reserve funds can be capitalised as share capital/registered capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital/registered capital.

Notes to Consolidated Financial Statements

31 December 2014

11. DIVIDENDS (Continued)

- (iv) Allocations to the discretionary reserve funds if approved by the shareholders. A discretionary reserve funds can be used to offset prior years' losses, if any, and capitalised as the share capital/registered capital.
- (v) The net profit after tax of the Company for the purpose of profit distributions/dividends will be deemed to be the lesser of (i) the net profit determined in accordance with PRC accounting principles and financial regulations; and (ii) the net profit determined in accordance with Hong Kong accounting standards.

12. EARNINGS PER SHARE**Basic**

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted

As there were no dilutive potential shares outstanding during the year, the diluted earnings per share are identical to the basic earnings per share.

The basic and diluted earnings per share are computed as follows:

	2014	2013
Profit attributable to equity holders of the Company (RMB ('000))	8,978	10,086
Divided by weighted average number of issued shares (thousand shares)	700,000	700,000
Basic and diluted earnings per share (RMB cents)	1.3	1.4

Notes to Consolidated Financial Statements

31 December 2014

13. OPERATING SEGMENTS

Descriptive information about the Group's reportable segments

The Group's operating segments are structured and managed separately, according to the nature of their operations and the products and services they provide. Each operating segment represents a strategic business unit that provides services which are subject to risks and returns that are different from those of other operating segments. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purpose of resource allocation and performance assessment, the Group has presented the following three reportable segments.

- the market consultancy services segment provides two kinds of services: standard research on specific sectors and tailor-made research;
- the management and strategic consultancy services segment provides services involving the application and implementation of enterprise management information digitalisation. This incorporates the functions of business process re-engineering, enterprise resource planning, customer relationship management, supply chain management, call centre and other electronic business pattern designs, marketing, brand name promotion, public relationship and advertising; and
- the information engineering supervision services segment provides information engineering supervision services to undertaken projects.

In addition, the Group has provision of data information management services segment and training services segment whose scale of operation do not meet quantitative thresholds of reportable segments. Provision for data information management services and training services segment have been included in other segments.

Measurement of segment profit or loss, assets and liabilities

For the purpose of assessing segment performance and allocating resources among segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:-

Segment assets include all tangible assets, intangible assets and current assets directly managed by the segments. Segment liabilities include trade creditors, accruals and loans attributable to the operating and sales activities of the individual segments and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation and amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted earnings before taxation". To arrive at adjusted earnings before taxation, the Group's earnings are adjusted for items not specifically attributed to individual segment, such as head office or corporate administration cost.

Notes to Consolidated Financial Statements

31 December 2014

13. OPERATING SEGMENTS (Continued)

Financial information about profit and loss, assets and liabilities of reportable segments

	Management and Strategic Consultancy Services Segment RMB('000)	Market Consultancy Services Segment RMB('000)	Information Engineering Supervision Services Segment RMB('000)	Other Segments RMB('000)	Total RMB('000)
2014					
Revenue from external customers	76,947	12,394	37,217	4,727	131,285
Inter-segment income	1,379	—	—	1,585	2,964
Segment profit	33,129	6,666	23,149	2,097	65,041
Other material non-cash items:					
— Impairment loss	(2,643)	—	1,532	—	(1,111)
Reportable segment assets	39,449	5,817	13,056	2,220	60,542
Reportable segment liabilities	6,361	1,028	1,813	562	9,764
	154,622	25,905	76,767	11,191	268,485
2013					
Revenue from external customers	88,400	18,776	35,460	3,152	145,788
Inter-segment income	2,939	—	—	3,600	6,539
Segment profit	34,132	10,083	21,895	1,420	67,530
Other material non-cash items:					
— Impairment loss	(7,298)	(872)	929	(238)	(7,479)
Reportable segment assets	48,922	6,872	7,055	325	63,174
Reportable segment liabilities	10,656	2,379	945	28	14,008
	177,751	37,238	66,284	8,287	289,560

Notes to Consolidated Financial Statements

31 December 2014

13. OPERATING SEGMENTS (Continued)

Reconciliations of reportable segment revenue, profit, assets and liabilities

	Revenue RMB('000)	Profit RMB('000)	Assets RMB('000)	Liabilities RMB('000)
2014				
Total per reportable segments	134,249	65,041	60,542	9,764
Elimination	(2,964)	(1,379)	—	—
Other revenue and net gains	—	515	—	—
Other operating expenses	—	(50,796)	—	—
Unallocated assets	—	—	118,333	—
Unallocated liabilities	—	—	—	21,069
Other material non-cash items:				
— Depreciation	—	(1,630)	—	—
— Impairment loss	—	(1,111)	—	—
Total per consolidated financial statements	131,285	10,640	178,875	30,833
2013				
Total per reportable segments	152,327	67,530	63,174	14,008
Elimination	(6,539)	—	—	—
Other revenue and net gains	—	508	—	—
Other operating expenses	—	(45,554)	—	—
Unallocated assets	—	—	108,028	—
Unallocated liabilities	—	—	—	19,839
Other material non-cash items:				
— Depreciation	—	(1,645)	—	—
— Impairment loss	—	(7,479)	—	—
Total per consolidated financial statements	145,788	13,360	171,202	33,847

Notes to Consolidated Financial Statements

31 December 2014

13. OPERATING SEGMENTS (Continued)

Reconciliations of other material items

	2014			2013		
	Reportable segment total RMB('000)	Adjustment RMB('000)	The Group's total RMB('000)	Reportable segment total RMB('000)	Adjustment RMB('000)	The Group's total RMB('000)
Interest revenue	—	237	237	—	173	173
Interest expenses	—	—	—	—	—	—
Depreciation	—	1,630	1,630	—	1,645	1,645
Segment profit	65,041	(54,401)	10,640	67,530	(54,170)	13,360
Expenditure for assets	—	60	60	—	312	312
Other material non-cash items:						
— Impairment loss	(1,111)	—	(1,111)	(7,479)	—	(7,479)
	63,930	(52,474)	11,456	60,051	(52,040)	8,011

Geographical segments

Further analysis of geographical segment information is not presented as substantially all the assets, operations and customers of the Group are located in the PRC, which is considered as one geographic location in an economic environment with similar risks and returns.

Information about major customers

No single external customer generated the revenue which represented 10% or more of the Group's total revenue.

Notes to Consolidated Financial Statements

31 December 2014

14. PROPERTY, PLANT AND EQUIPMENT

The Group	Cost RMB('000)	Accumulated depreciation and impairment losses RMB('000)	Net carrying value RMB('000)
Land and buildings held under finance lease in PRC under medium term			
Balance at beginning of 2013	32,819	(11,105)	21,714
Depreciation	—	(1,041)	(1,041)
Balance at end of 2013 and beginning of 2014	32,819	(12,146)	20,673
Depreciation	—	(1,041)	(1,041)
Balance at end of 2014	32,819	(13,187)	19,632
Furniture, fixtures and equipment			
Balance at beginning of 2013	6,322	(4,741)	1,581
Additions	118	—	118
Depreciation	—	(429)	(429)
Balance at end of 2013 and beginning of 2014	6,440	(5,170)	1,270
Additions	60	—	60
Depreciation	—	(414)	(414)
Balance at end of 2014	6,500	(5,584)	916
Motor vehicles			
Balance at beginning of 2013	1,208	(639)	569
Additions	194	—	194
Depreciation	—	(175)	(175)
Balance at end of 2013 and beginning of 2014	1,402	(814)	588
Depreciation	—	(175)	(175)
Balance at end of 2014	1,402	(989)	413
Total			
Balance at beginning of 2013	40,349	(16,485)	23,864
Additions	312	—	312
Depreciation	—	(1,645)	(1,645)
Balance at end of 2013 and beginning of 2014	40,661	(18,130)	22,531
Additions	60	—	60
Depreciation	—	(1,630)	(1,630)
Balance at end of 2014	40,721	(19,760)	20,961

Notes to Consolidated Financial Statements

31 December 2014

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Company	Cost RMB('000)	Accumulated depreciation and impairment losses RMB('000)	Net carrying value RMB('000)
Land and buildings held under finance lease in PRC under medium term			
Balance at beginning of 2013	32,819	(11,105)	21,714
Depreciation	—	(1,041)	(1,041)
Balance at end of 2013 and beginning of 2014	32,819	(12,146)	20,673
Depreciation	—	(1,041)	(1,041)
Balance at end of 2014	32,819	(13,187)	19,632
Furniture, fixtures and equipment			
Balance at beginning of 2013	5,746	(3,978)	1,768
Additions	69	—	69
Depreciation	—	(507)	(507)
Balance at end of 2013 and beginning of 2014	5,815	(4,485)	1,330
Depreciation	—	(486)	(486)
Balance at end of 2014	5,815	(4,971)	844
Motor vehicles			
Balance at beginning of 2013	528	(331)	197
Depreciation	—	(50)	(50)
Balance at end of 2013 and beginning of 2014	528	(381)	147
Depreciation	—	(50)	(50)
Balance at end of 2014	528	(431)	97
Total			
Balance at beginning of 2013	39,093	(15,414)	23,679
Additions	69	—	69
Depreciation	—	(1,598)	(1,598)
Balance at end of 2013 and beginning of 2014	39,162	(17,012)	22,150
Depreciation	—	(1,577)	(1,577)
Balance at end of 2014	39,162	(18,589)	20,573

Notes to Consolidated Financial Statements

31 December 2014

15. INTERESTS IN SUBSIDIARIES

The Company	2014 RMB('000)	2013 RMB('000)
Unlisted share, at cost	53,057	45,297
Long-term loans	23,265	27,665
	76,322	72,962

Details of the subsidiaries at 31 December 2014 are as follows:

Name	Percentage of incorporation and operations	Registered capital RMB ('000)	Percentage of effective equity interests attributable to the Company	Principal activities
Beijing CCID Industry and Information Engineering Design Center Co., Ltd.(Note 15.1)	Beijing, PRC	50,000	95%	Provision of data services and establishment of information database services
Beijing CCID Industry and Information Engineering Supervision Co., Ltd. (Note 15.2)	Beijing, PRC	10,000	66.5%	Provision of information engineering supervision and training services
Beijing CCID Capital Consulting Co., Ltd.	Beijing, PRC	500	99%	Provision for investment consultancy services
Beijing CCID Strategy Management Consulting Co., Ltd. (Note 15.3)	Beijing, PRC	5,000	99%	Provision for management consultancy services
Beijing CCID City Strategy Consulting Co., Ltd. (Note 15.4)	Beijing, PRC	5,000	90.1%	Provision for economic consultancy services
Shenzhen CCID Strategy Consulting Co., Ltd. (Note 15.5)	Shenzhen, PRC	1,000	100%	Provision for management consultancy services

Notes to Consolidated Financial Statements

31 December 2014

15. INTERESTS IN SUBSIDIARIES (Continued)**The Company** (Continued)

Notes:

- 15.1 CCID Design was known as Beijing CCID Information Engineering Design Co., Ltd. On 3 April 2014, its name was changed to Beijing CCID Industry and Information Engineering Design Center Co., Ltd.
- 15.2 CCID Supervision was known as Beijing CCID Information Engineering Supervision Co., Ltd. On 11 April 2014, its name was changed to Beijing CCID Industry and Information Engineering Supervision Co., Ltd.
- 15.3 According to the resolution of capital injection, the Company and CCID Design made capital injection of RMB3,760,000 and RMB940,000 respectively in accordance with their original shareholding ratio to this subsidiary during the year. After the capital injection, the total registered and paid up capital of that subsidiary became RMB5,000,000.
- 15.4 In accordance with the incorporation venture agreement of CCID City Strategy, the Company paid up the outstanding registered capital of RMB4,000,000 on 10 June 2014. After the capital injection, the Company had paid up capital of RMB4,505,000 on that subsidiary, representing 90.1% of the total registered capital of CCID City Strategy.
- 15.5 On 8 April 2013, the Company invested with RMB200,000 in a subsidiary known as Shenzhen CCID Strategy Consulting Co., Ltd. representing 20% of total registered capital of that subsidiary. According to the incorporation venture agreement of Shenzhen CCID Strategy, the Company is required to pay up the outstanding balance of total registered capital of RMB800,000.
- 15.6 The Group has no subsidiary having material non-controlling interests.

16. INTANGIBLE ASSETS

The Group	2014 RMB('000)	2013 RMB('000)
Information database with indefinite useful lives		
Cost	38,268	38,268
Accumulated amortisation and impairment losses	(23,587)	(23,587)
Balance at beginning and end of year	14,681	14,681

The information database is stored in the computer system to offer assistance in providing customers with data content of consultation business. The information database is updated on a continuous basis, and now it has stored more than 16,000,000 units. The Company and the Group depend on the information provided by the information database to earn subscription fees, as well as service charges of standard research reports, special research reports, and providing consultation on public relations.

Prior to 2008, the intangible assets used to be recognised as expenses on straight-line basis based on its estimated useful life of 10 years. The amortised expenses were included in cost of sales in the profit or loss.

Notes to Consolidated Financial Statements

31 December 2014

16. INTANGIBLE ASSETS (Continued)

The Group (Continued)

At the beginning of 2008, the Group reformed its website, and introduced a website with brand new layout in the middle of 2008, which was named www.cciddata.com. As a new version of website was introduced to the market, the management held that the carrying value of the information database might not reflect its fair value. They engaged LCH (Asia-Pacific) Surveyors Limited (hereinafter referred to as "the Surveyor") to revalue the information database. Because the Group reformed its website at the beginning of 2008, the Surveyor, in order to clearly differentiate values of the original and present websites and the associated costs, revalued the information database on the basis of 1 January 2008, and measured the information database by means of weighted-average cost of capital. In considering the basis of measurement, one of the major presumptions of the Surveyor was the useful life of the information database. The surveyor presumed that the useful life of the information database could be prolonged indefinitely on the condition that it was under ongoing maintenance and data update. As such, the estimated useful life of the information database is indefinite. According to the Directors, the Group relies on the information provided by the information database to make profits, and the Group has to maintain the information database and to update its data in the foreseeable future. The Directors regard that the foregoing assumption made by the Surveyor corresponds to the present situation and long-term development orientation of the Group.

According to the Surveyor's report, the valuation of the information database at 1 January 2008 is RMB15,000,000. As the information database does not have active market to justify its fair value, it is stated at cost less accumulated amortisation and impairment losses in accordance with paragraph 74 of HKAS 38 ("Intangible assets"). As the useful life of the information database is indefinite, no amortisation is made for it according to paragraph 107 of HKAS 38 ("Intangible assets"), but it needs to be tested for impairment annually according to paragraph 10 of HKAS 36 ("Impairment of assets").

At the end of reporting period, the Group reappointed the Surveyor to evaluate the recoverable amount of the intangible assets. The Surveyor applied the Relief from Royalty Valuation Method and adopted Discounted Cash Flow analysis with the following major assumptions.

	2014 RMB('000)	2013 RMB('000)
Relevant net cash flows	1,419	3,600
Long-term growth rate	2.81%	3.22%
Applicable tax rate	25%	25%
Discount rate/return on capital employed	13.45%	15.07%
Recoverable amount by Relief from Royalty Valuation Method	15,000	31,346

According to the estimation of the Surveyor's Report, the recoverable amount of the information database at the end of reporting period is not less than its carrying value, so provision for impairment loss is not necessary.

At 31 December 2013, the recoverable amount of the intangible assets was evaluated by the management of the Group.

Notes to Consolidated Financial Statements

31 December 2014

17. ACCOUNTS RECEIVABLE

An ageing analysis of the accounts receivable is as follows:-

The Group	Related parties RMB('000)	Third parties RMB('000)	Total RMB('000)
2014			
Within 60 days	910	2,897	3,807
61 days to 180 days	20	3,566	3,586
181 days to 365 days	100	5,483	5,583
Over 365 days	—	3,755	3,755
	1,030	15,701	16,731
2013			
Within 60 days	—	7,246	7,246
61 days to 180 days	86	3,672	3,758
181 days to 365 days	400	3,244	3,644
Over 365 days	—	757	757
	486	14,919	15,405

The general credit terms of the Group range from 60 to 365 days. The Group may, on a case by case basis and after evaluation of the business relationship and credit worthiness, extend the credit period upon clients' request.

Reconciliation of allowance account for credit losses:

	2014 RMB('000)	2013 RMB('000)
Balance at beginning of year	5,533	2,607
New and additions	34	4,125
Recovered	(425)	(929)
Other adjustments	—	(270)
Balance at end of year	5,142	5,533

Notes to Consolidated Financial Statements

31 December 2014

17. ACCOUNTS RECEIVABLE (Continued)

An ageing analysis of the accounts receivable is as follows:

The Company	Related parties RMB('000)	Third parties RMB('000)	Total RMB('000)
2014			
Within 60 days	201	2,203	2,404
61 days to 180 days	20	2,473	2,493
181 days to 365 days	—	2,102	2,102
Over 365 days	—	1,067	1,067
	221	7,845	8,066
2013			
Within 60 days	—	4,425	4,425
61 days to 180 days	—	2,764	2,764
181 days to 365 days	—	2,214	2,214
Over 365 days	—	—	—
	—	9,403	9,403

The general credit terms of the Company range from 60 to 180 days. The Company may, on case by case basis and after evaluation of the business relationship and credit worthiness, extend the credit period upon clients' request.

Reconciliation of allowance account for credit losses:

	2014 RMB('000)	2013 RMB('000)
Balance at beginning of year	4,483	1,351
New and additions	34	3,196
Recovered	—	—
Other adjustments	—	(64)
Balance at end of year	4,517	4,483

Notes to Consolidated Financial Statements

31 December 2014

18. ACCRUED ASSETS

The Group	2014 RMB('000)	2013 RMB('000)
Total	51,832	54,198
Impairment losses	(8,020)	(6,429)
	43,812	47,769
Current portion	34,315	41,464
Non-current portion	9,497	6,305
The Company		
Total	33,863	32,310
Impairment losses	(6,985)	(4,895)
	26,878	27,415

The Company as well as the Group recognise major revenue based on the percentage of completion of respective projects. The accounts receivable is recognised in accordance with the payment terms as stated in the service contracts. The corresponding assets of recognised revenue that has yet met the condition to be recognised as accounts receivable is recognised as accrued assets until these assets can be recognised as accounts receivable.

Notes to Consolidated Financial Statements

31 December 2014

19. DUE FROM RELATED PARTIES

Amounts due from related parties included in accounts receivable and accrued assets are as follows:

The Group	2014 RMB('000)	2013 RMB('000)
Name of related parties		
CCID	548	582
MIICMD	657	450
CCID Statecraft Media Investment Co., Ltd	1,745	—
CCID New Culture Media Co., Ltd	239	—
CCID Information Physical System Testing Lab Co., Ltd	902	—
CCID Net Information Technology Co., Ltd.	194	39
CCID IT Company Limited	158	368
CCID (Holding) Limited	—	2,000
CCID Information Technology Testing Co., Ltd.	34	—
	4,477	3,439
The Company		
Name of related parties		
CCID	—	136
MIICMD	50	50
CCID Supervision	—	239
CCID IT Company Limited	158	368
CCID New Culture Media Co., Ltd	239	—
CCID Information Technology Testing Co., Ltd	34	—
CCID Net Information Technology Co., Ltd	155	—
CCID Information Physical System Testing Lab Co., Ltd	142	—
	778	793

The above related parties are controlled by CCID. The amounts due from related parties are unsecured and interest-free. Except for the amount due from CCID (Holding) Limited, all of the balances do not have fixed terms of repayment.

Notes to Consolidated Financial Statements

31 December 2014

20. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

The Group	2014 RMB('000)	2013 RMB('000)
Advances to employees	4,520	6,397
Prepayments	1,983	237
Rental and other deposits	135	534
Other receivable	446	2,134
	7,084	9,302
The Company		
Advances to employees	1,750	2,989
Prepayments	237	237
Rental and other deposits	103	502
Other receivable	232	97
	2,322	3,825

Apart from rental and other deposits, all prepayments and other receivables are expected to be recovered/utilized within one year.

21. CASH AND CASH EQUIVALENTS

The Group	2014 RMB('000)	2013 RMB('000)
Cash at banks and on hand	69,902	54,217
Secured deposits	1,315	993
	71,217	55,210
The Company		
Cash at banks and on hand	25,235	15,279

Notes to Consolidated Financial Statements

31 December 2014

21. CASH AND CASH EQUIVALENTS (Continued)

Included in cash and cash equivalents in the consolidated and separate statements of financial position are the following amounts denominated in a currency other than the functional currency of the Group:

The Group and the Company	Original currency		RMB equivalent	
	2014	2013	2014 RMB('000)	2013 RMB('000)
United States dollars	2	2	—	—
Hong Kong dollars	32,201	36,522	27	29

22. INVESTMENTS

The Group	2014 RMB('000)	2013 RMB('000)
Designated financial assets at fair value through profit or loss at initial recognition, at fair value		
Securities listed in PRC (Note 22.1)	227	162
Available-for-sale financial assets, at cost		
Unlisted shares (Notes 22.2 and 22.3)	8,657	8,657
Less: Impairment losses	(6,667)	(6,667)
	1,990	1,990
Total		
Long-term investments	1,990	1,990
Short-term investments	227	162
	2,217	2,152
Market value of listed shares	227	162
The Company		
Designated financial assets at fair value through profit or loss at initial recognition, at fair value		
Securities listed in PRC (Note 22.1)	227	162
Market value of listed shares	227	162

Notes to Consolidated Financial Statements

31 December 2014

22. INVESTMENTS (Continued)

Notes:

- 22.1 All of the financial assets stated at fair value are measured at quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date (i.e. Level 1 inputs).
- 22.2 Unlisted shares refer to 19.9% (2013: 19.9%) equitable interests in Beijing CCID Exhibition Co., Ltd. held by CCID Supervision.
- 22.3 Available-for-sale financial assets neither have quoted prices in active market nor equity-link derivatives for references. The fair value of the available-for-sale financial assets is undisclosable in absence of reliable basis of measurement.

23. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable is as follows:

The Group	Related parties RMB('000)	Third parties RMB('000)	Total RMB('000)
2014			
Within 60 days	320	1,167	1,487
61 days to 180 days	—	—	—
181 days to 365 days	—	22	22
Over 365 days	884	268	1,152
	1,204	1,457	2,661
2013			
Within 60 days	—	31	31
61 days to 180 days	—	—	—
181 days to 365 days	—	30	30
Over 365 days	884	261	1,145
	884	322	1,206

Notes to Consolidated Financial Statements

31 December 2014

23. ACCOUNTS PAYABLE (Continued)

Amount due to related parties are analysed as follow:

	2014 RMB('000)	2013 RMB('000)
Name of related parties		
CCID Translation Company Limited	322	2
Beijing CCID Guo Ruan Certification Company Limited	882	882
	1,204	884

The Group and the related parties are within the CCID Group and are under common control of the same ultimate holding company. Amounts due to related parties are unsecured, interest-free and have no fixed repayment term.

An ageing analysis of the accounts payable is as follows:

The Company	Related parties RMB('000)	Third parties RMB('000)	Total RMB('000)
2014			
Within 60 days	—	92	92
61 days to 180 days	—	—	—
181 days to 365 days	—	—	—
Over 365 days	8,702	206	8,908
	8,702	298	9,000
2013			
Within 60 days	—	30	30
61 days to 180 days	—	—	—
181 days to 365 days	5,700	9	5,709
Over 365 days	3,002	197	3,199
	8,702	236	8,938

Notes to Consolidated Financial Statements

31 December 2014

23. ACCOUNTS PAYABLE (Continued)

Amount due to related parties are analysed as follow:

	2014 RMB('000)	2013 RMB('000)
Name of related parties		
CCID Design	5,700	5,700
CCID Management	3,000	3,000
CCID Translation Company Limited	2	2
	8,702	8,702

The Company and the related parties are within the CCID Group and are under common control of the same ultimate holding company. Amounts due to related parties are unsecured, interest-free and have no fixed repayment term.

24. DEFERRED REVENUE

From 1 September 2012 onward, the revenue of the Company and of the Group recognised in accordance with PRC accounting standard shall be measured by reference to the face value of VAT invoices issued pursuant to the PRC tax law. According to the HKFRS, the revenue from the provision of services shall be measured on percentage of completion basis. Those billed (by the way of VAT invoices) but unrecognized revenue is credited to deferred revenue account in order to reconcile the difference of these two sets of generally accepted accounting principle.

Notes to Consolidated Financial Statements

31 December 2014

25. ACCRUALS AND OTHER PAYABLES

The Group	2014 RMB('000)	2013 RMB('000)
Accrued salaries and welfares	3,702	3,671
Provision for social insurance fees and the public housing funds	1,851	1,578
Other tax payable	1,745	1,838
Received in advance	4,502	5,360
Other payable	4,188	4,901
	15,988	17,348
The Company		
Accrued salaries and welfares	1,561	1,356
Provision for social insurance fees and the public housing funds	885	696
Other tax payable	629	588
Received in advance	3,832	4,835
Other payable	1,831	2,507
	8,738	9,982

26. DUE TO RELATED PARTIES

The Group	2014 RMB('000)	2013 RMB('000)
Immediate holding company	2,091	1,889
Ultimate holding company	1,000	1,000
	3,091	2,889
The Company		
Immediate holding company	1,920	1,858
Ultimate holding company	1,000	1,000
	2,920	2,858

Notes:

- a) The amount due to the immediate holding company at 31 December 2014 included the amount payable for the acquisition of the ninth and tenth floors of CCID Plaza. The amount payable is interest-free and payable in accordance with the terms of the relevant property purchase agreement.
- b) The amounts due to other related companies are unsecured, interest-free and have no fixed terms of repayment.

Notes to Consolidated Financial Statements

31 December 2014

27. DEFERRED TAXATION

(a) Recognised deferred tax

Components of recognised deferred tax:

The Group	2014 RMB('000)	2013 RMB('000)
Deferred tax assets		
Financial assets	31	47
Impairment loss on accounts receivable	3,013	2,390
Deferred revenue, net of accrued assets	—	1,715
Accrued assets	(1,361)	—
Intangible assets	478	—
Others	11	—
	2,172	4,152
Deferred tax liabilities		
Accrued assets	887	2,836
Intangible assets	—	(478)
Others	—	(12)
	887	2,346
The Company		
Deferred tax assets		
Financial assets	31	47
Impairment loss on accounts receivable	3,013	2,390
Accrued assets	(1,248)	—
Deferred revenue, net of accrued assets	—	1,715
	1,796	4,152

Notes to Consolidated Financial Statements

31 December 2014

27. DEFERRED TAXATION (Continued)**(b) Unrecognised deferred tax**

Components of unrecognised deferred tax assets/(liabilities):

The Group	2014 RMB('000)	2013 RMB('000)
Unused tax loss	2,072	2,348
Accrued assets	(80)	(884)
	1,992	1,464

The Group has not recognised deferred tax assets in respect of tax losses as it is uncertain that taxable profit will be available against which tax losses can be utilised. The tax losses will expire in five years from the year in which they were incurred.

The Company does not have material unrecognised deferred tax.

28. SHARE CAPITAL

The Group and the Company	2013 and 2014	
	No. of shares	Nominal value RMB('000)
Registered, issued and fully paid		
Domestic shares of RMB0.1 each	485,900,000	48,590
Legal person shares of RMB0.1 each	5,100,000	510
H shares of RMB0.1 each	209,000,000	20,900
	700,000,000	70,000

Notes to Consolidated Financial Statements

31 December 2014

29. RESERVES

The Group	Attributable to equity holders of the Company				
	Statutory reserve RMB('000) (note 29.2)	Retained profits RMB('000)	Total RMB('000)	Non-controlling interests RMB('000)	Total RMB('000)
Balance at beginning of 2013	5,785	34,053	39,838	14,157	53,995
Profit for the year	—	10,086	10,086	3,274	13,360
Transferred to statutory reserve fund	1,012	(1,338)	(326)	326	—
Balance at end of 2013 and beginning of 2014	6,797	42,801	49,598	17,757	67,355
Profit for the year	—	8,978	8,978	1,662	10,640
Capital contribution by non-controlling interest	—	—	—	47	47
Change due to capital injection to a partly-owned subsidiary	13	43	56	(56)	—
Transferred to statutory reserve fund	1,740	(1,194)	546	(546)	—
Balance at end of 2014	8,550	50,628	59,178	18,864	78,042
The Company	Capital reserve RMB('000) (note 29.1)	Statutory reserve RMB('000) (note 29.2)	Discretionary reserve RMB('000) (note 29.2)	Retained profits RMB('000)	Total RMB('000)
Balance at beginning of 2013	18,100	10,308	59	33,036	61,503
Loss for the year	—	—	—	(4,942)	(4,942)
Balance at end of 2013 and beginning of 2014	18,100	10,308	59	28,094	56,561
Profit for the year	—	—	—	11,300	11,300
Transferred to statutory reserve fund	—	452	—	(452)	(452)
Balance at end of 2014	18,100	10,760	59	38,942	67,861

Notes to Consolidated Financial Statements

31 December 2014

29. RESERVES (Continued)

Notes:

- 29.1 The capital reserve account can only be used to increase share capital.
- 29.2 Under the PRC Company Law and the Articles of Association of the Company and all of its subsidiaries, net profit after tax, having setting off prior years' accumulated losses, if any, shall be appropriated to statutory reserve fund and discretionary reserve fund before any distribution of dividends to the owners of the Company. At least 10% of profit after tax shall be appropriated to the statutory reserve fund until the fund aggregates to 50% of its registered capital. For the purpose of calculating the transfer to statutory reserve fund, the profit after tax shall be the amount determined under PRC accounting principles and financial regulations. In addition, net profit after tax shall be appropriated to the discretionary reserve funds if approved by the shareholders. A statutory reserve fund and discretionary reserve fund can be used to offset prior years' losses, if any, and be capitalised as the share capital/registered capital on the condition that the balance of statutory reserve fund shall not less than 25% of the share capital/registered capital after capitalization.
- 29.3 CCID Consulting, CCID Design, CCID City Strategy, CCID Capital and CCID Supervision (2013: CCID Design, CCID City Strategy and CCID Supervision) have transferred 10% of profit after tax to the statutory reserve fund. No discretionary reserve funds were appropriated for 2014 (2013: Nil).
- 29.4 In accordance with the Articles of Association of the Company, the net profit after tax of the Company for the purpose of profit distributions/dividends will be deemed to be the lesser of (i) the net profit determined in accordance with PRC accounting principles and financial regulations; and (ii) the net profit determined in accordance with Hong Kong accounting standards.
- 29.5 The Company's reserve available for distribution pursuant to Section 79B of Hong Kong Companies Ordinance is as follow:

	2014 RMB('000)	2013 RMB('000)
Retained profits	38,942	28,094

30. CHANGES IN THE GROUP'S OWNERSHIP INTEREST IN EXISTING SUBSIDIARIES

On 10 June 2014, the Company paid up the balance of unpaid registered capital of RMB4,000,000 in CCID City Strategy. After the payment, the Company directly holds 90.1% equity interests in CCID City Strategy.

From the Group's point of view, the paid up of registered capital is an equity transaction. The Group neither recognises gain or loss resulting from the changes in the ownership interest in CCID City Strategy nor re-measures the fair value of the subject net assets. The Group's share of the equity interests in CCID City Strategy has increased from 50.5% to 90.1% with a corresponding decrease of 39.6% shared by non-controlling interests. To reflect the financial impact on the capital injection to CCID City Strategy, the accumulated statutory reserve fund and retained profits of the non-controlling interest at beginning of year that are attributable to the Group resulting from the changes in the ownership interest in CCID City Strategy amounted to RMB56,543 are transferred to equity holders of the Company.

Notes to Consolidated Financial Statements

31 December 2014

31. SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 20 November 2002. Pursuant to the share option scheme, the board of directors of the Company may, at its discretion, grant options to any full-time employees of the Group to subscribe for shares in the Company, to a maximum of 30% of the Company's H shares in issue from time to time. The exercise price will be determined by the Board of Directors, and will not be less than the highest of: (a) the closing price of the H shares as stated in the GEM's daily quotations sheet on the date of offer, which must be a business day; (b) the average closing prices of the H shares as stated in the GEM's daily quotation sheets for the five business days immediately preceding the date of offer; and (c) the nominal value of an H share. However, employees who are Chinese nationals in Mainland China shall not be entitled to exercise the option until the current restrictions on these persons for subscribing or dealing in H shares imposed by the laws and regulations in Mainland China have been amended or removed. At year end date, the share option scheme is not yet effective. Until 31 December 2014, no options were granted to the Group's employees.

32. COMMITMENTS

- (a) At 31 December 2014, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

The Group and the Company	2014 RMB('000)	2013 RMB('000)
Within one year	181	22

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one year, with an option to renew the lease when all terms are renegotiated. None of the leases include contingent rentals.

- (b) At 31 December 2014, the Group has no capital commitment outstanding while the Company has a capital commitment of RMB800,000 which is not provided for in the financial statements (2013: RMB4,800,000).

Notes to Consolidated Financial Statements

31 December 2014

33. MATERIAL RELATED PARTY TRANSACTIONS

- (a) The following companies are members of CCID Group. In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	2014 RMB('000)	2013 RMB('000)
Gross revenue earned before sales surtaxes		
Provision for consulting services to:		
CCID	2,982	203
MIICMD	1,949	542
CCID Net Information Technology Co., Ltd.	531	62
CCID IT Company Limited	34	74
CCID Information Physical System Testing Lab. Co., Ltd	1,900	—
	7,396	881
Provision for data management and supervision services		
CCID	184	4,666
Promotion expenses (including advertising services and website and hyperlink services)		
Rental, building management fee, internet fee and utilities fare charged by MIICMD	2,216	1,700
Advertisement expenses charged by CCID Statecraft Media Investment Co., Ltd	504	—
Translation expense charged by CCID Translation Co., Ltd.	370	—
	3,090	1,700
Others		
Consultancy fee paid to CCID	500	—
Advance to CCID (Holding) Limited (Note 33.3)	—	2,000
Repayment by CCID (Holding) Limited (Note 33.3)	2,000	—
Advertising fee prepaid to CCID Statecraft Media Investment Co., Ltd	800	—
Consultancy fee prepaid to CCID Statecraft Media Investment Co., Ltd	1,050	—
	4,350	2,000

Notes to Consolidated Financial Statements

31 December 2014

33. MATERIAL RELATED PARTY TRANSACTIONS (Continued)**(a)** (Continued)

Notes:

33.1 The Directors are of their opinion that the above transactions with related parties were conducted in the usual course of business and charged at cost incurred plus a reasonable profit margin.

33.2 The Company and the related companies are within the CCID Group and are under common control of the same ultimate holding company.

33.3 The advance was made by CCID Supervision. The advance is interest-free, unsecured and has a fixed repayment term. The related company has fully repaid the advance to CCID Supervision.

(b) Key management personnel remuneration

	2014 RMB('000)	2013 RMB('000)
Salaries, wages and other benefits	7,308	6,987
Retirement benefit scheme contributions	1,559	1,365
	8,867	8,352

The remuneration has been included in staff costs (see note 6(a)).

(c) The ultimate controlling party of the Company and of the Group is the PRC Government. The major source of revenue to the Company and to the Group are sourced from the PRC Government and entities controlled by them (2013: Same).

34. EVENTS AFTER REPORTING PERIOD

On 12 February 2015, the Group and the Company entered into a financial products agreement to purchase a structured deposits with total consideration of RMB10,000,000. The financial products agreement guaranteed the repayment of principal together with a fixed rate return and a floating rate return based on market variables. The purchase of structured deposits was primarily financed by the cash and cash equivalent held by the Group and the Company with a maturity period of 91 days.

Notes to Consolidated Financial Statements

31 December 2014

35. FINANCIAL RISK MANAGEMENT

Financial assets and liabilities carried on the consolidated and separate statement of financial position include the following assets and liabilities:

- Financial assets and liabilities at fair value through profit or loss;
- Available-for-sale financial assets;
- Cash and cash equivalents;
- Trade and other receivables; and
- Trade and other payables.

Exposure to financial risks on its financial assets and liabilities comprises:

- Currency risk on monetary assets, monetary liabilities and commitments denominated in foreign currencies resulting from change of foreign exchange rate;
- Price risk on financial assets at fair value of which the value is subject to fluctuation as a result of changes in market price;
- Credit risk on credit period offered to its trade debtors and advances to other debtors; and
- Liquidity risk on withdrawal or cutting of credit limit and credit period offered by trade creditors.

Financial risk management objectives and policies

Risk management is carried out by a group's Financial Controller under policies approved by the Board of Directors. The Financial Controller identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

Currency risk

The Group's monetary assets and transactions are principally denominated in Renminbi. The Group is exposed to foreign exchange risk arising from the exposure of RMB against United States Dollars and Hong Kong Dollars. Having regarded the exchange rates between RMB and the other two foreign currencies, the Group believes that its exposure to foreign exchange risk is remote. At present, the Group does not intend to hedge its exposure to foreign exchange risk profile, and will consider appropriate hedging measures in future upon necessary.

As at 31 December 2014, had RMB been strengthened or weakened by 1% against the foreign currencies with all other variables held constant, the profit before tax would have been increased or decreased by not more than RMB1 thousand (2013: not more than RMB1 thousand).

Notes to Consolidated Financial Statements

31 December 2014

35. FINANCIAL RISK MANAGEMENT (Continued)**Price risk**

As the financial assets at fair value represent an immaterial portion to the Group's total assets, the management does not measure its price risk. The maximum exposure to price risk is the carrying amount at the end of reporting period.

At 31 December 2014, had the fair value of the investment portfolio been 1% higher or lower with all other variables held constant, the profit or loss for the year before tax would have been increased or decreased by RMB2 thousand (2013: RMB2 thousand).

Credit risk

Credit risk arises from the possibility that the counterparty to a transaction is unwilling or unable to fulfill its obligation with the results that the Group thereby suffers financial loss. In order to minimise the credit risk, the Group has designated personnel to take care the overdue debts. Moreover, the management of the Group evaluates regularly the level of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the Directors consider that the Group's credit risks are significantly reduced. The Group has no significant concentrations on credit risk.

Ageing analysis of pasted due but not yet impaired financial assets

	2014 RMB('000)	2013 RMB('000)
The Group		
Pass due for more than one year	1,772	477
The Company		
Pass due for more than one year	1,067	—

Liquidity risk

The Group will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

Notes to Consolidated Financial Statements

31 December 2014

35. FINANCIAL RISK MANAGEMENT (Continued)

Maturity analysis

As at 31 December 2014, the remaining contractual maturities of the Group's and the Company's financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of reporting period) and the earliest date of the Group and of the Company can be required to pay are as follow:

The Group	2014 RMB('000)	2013 RMB('000)
Trade and other payables		
Payable on demand or within three months	14,194	13,193
The Company		
Trade and other payables		
Payable on demand or within three months	16,823	16,943

36. MANAGING CAPITAL

The Group	2014 RMB('000)	2013 RMB('000)
Managing capital comprises:		
Issued and paid up share capital	70,000	70,000
Retained profits	50,628	42,801
Other reserves	8,550	6,797
	129,178	119,598
The Company		
Managing capital comprises:		
Issued and paid up share capital	70,000	70,000
Retained profits	38,942	28,094
Other reserves	28,919	28,467
	137,861	126,561

The Company as well as the Group are not subject to any externally imposed capital requirements. Accordingly, the Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's abilities to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Notes to Consolidated Financial Statements

31 December 2014

36. MANAGING CAPITAL (Continued)

To reflect a truer picture of the capital structure, the Group and the Company revised the net debt-to-adjusted capital ratio in this year. For this purpose, the Group and the Company re-define net debt as total debt (which includes interest-bearing loans and borrowings and trade and other payables) plus proposed final dividend minus balances due to immediate holding company and subsidiaries. Adjusted capital comprises all components of equity less proposed final dividend.

In 2014, the Group's and the Company's strategies were to maintain the revised net debt-to-adjusted capital ratio at a level below 50% (2013: Same).

Calculation for the revised net debt-to-adjusted capital ratio is as follow:

	2014 RMB('000)	(restated) 2013 RMB('000)
The Group		
Total liabilities	30,833	33,847
Less: Balance due to ultimate holding company	(1,000)	(1,000)
Less: Balance due to immediate holding company	(2,091)	(1,889)
	27,742	30,958
Total shareholders' equity	148,042	137,355
Revised net debt-to-adjusted capital ratio	19%	23%

	2014 RMB('000)	(restated) 2013 RMB('000)
The Company		
Total liabilities	23,558	28,787
Less: Balance due to ultimate holding company	(1,000)	(1,000)
Less: Balance due to immediate holding company	(1,920)	(1,858)
Less: Balance due to subsidiaries	(8,700)	(8,700)
	11,938	17,229
Total shareholders' equity	137,861	126,561
Revised net debt-to-adjusted capital ratio	9%	14%

Five-Year Financial Summary

SUMMARY OF FINANCIAL INFORMATION

The summaries of the results and of the assets and liabilities of the Group for the last five financial years extracted from the published audited financial statements are as follow:

RESULT	Year ended 31 December				2014 RMB('000)
	2010 RMB('000)	2011 RMB('000)	2012 RMB('000)	2013 RMB('000)	
Turnover	112,467	127,118	145,666	145,788	131,285
Cost of sales	(62,456)	(67,955)	(82,041)	(74,153)	(63,312)
Gross profits	50,011	59,163	63,625	71,635	67,973
Other revenue	2,819	1,030	5,855	508	515
Selling and distribution expenses	(11,925)	(14,512)	(15,954)	(14,326)	(14,965)
Administrative expenses	(21,025)	(22,697)	(33,539)	(36,100)	(38,600)
Other operating expenses	(11)	—	(1,700)	(6)	(65)
Impairment of assets	(2,402)	(409)	(4,407)	(7,479)	(1,111)
Fair value adjustments on financial assets	(54)	—	(15)	(28)	—
Profit before taxation	17,413	22,575	13,865	14,204	13,747
Taxation	(3,429)	(6,004)	(3,507)	(844)	(3,107)
Profit for the year	13,984	16,571	10,358	13,360	10,640
Attributable to:					
Equity holders of the Company	12,611	14,686	8,338	10,086	8,978
Non-controlling interests	1,373	1,885	2,020	3,274	1,662
Profit for the year	13,984	16,571	10,358	13,360	10,640

ASSETS AND LIABILITIES	31 December				2014 RMB('000)
	2010 RMB('000)	2011 RMB('000)	2012 RMB('000)	2013 RMB('000)	
Total assets	121,516	152,827	144,843	171,202	178,875
Total liabilities	(21,335)	(39,685)	(20,848)	(33,847)	(30,833)
	100,181	113,142	123,995	137,355	148,042